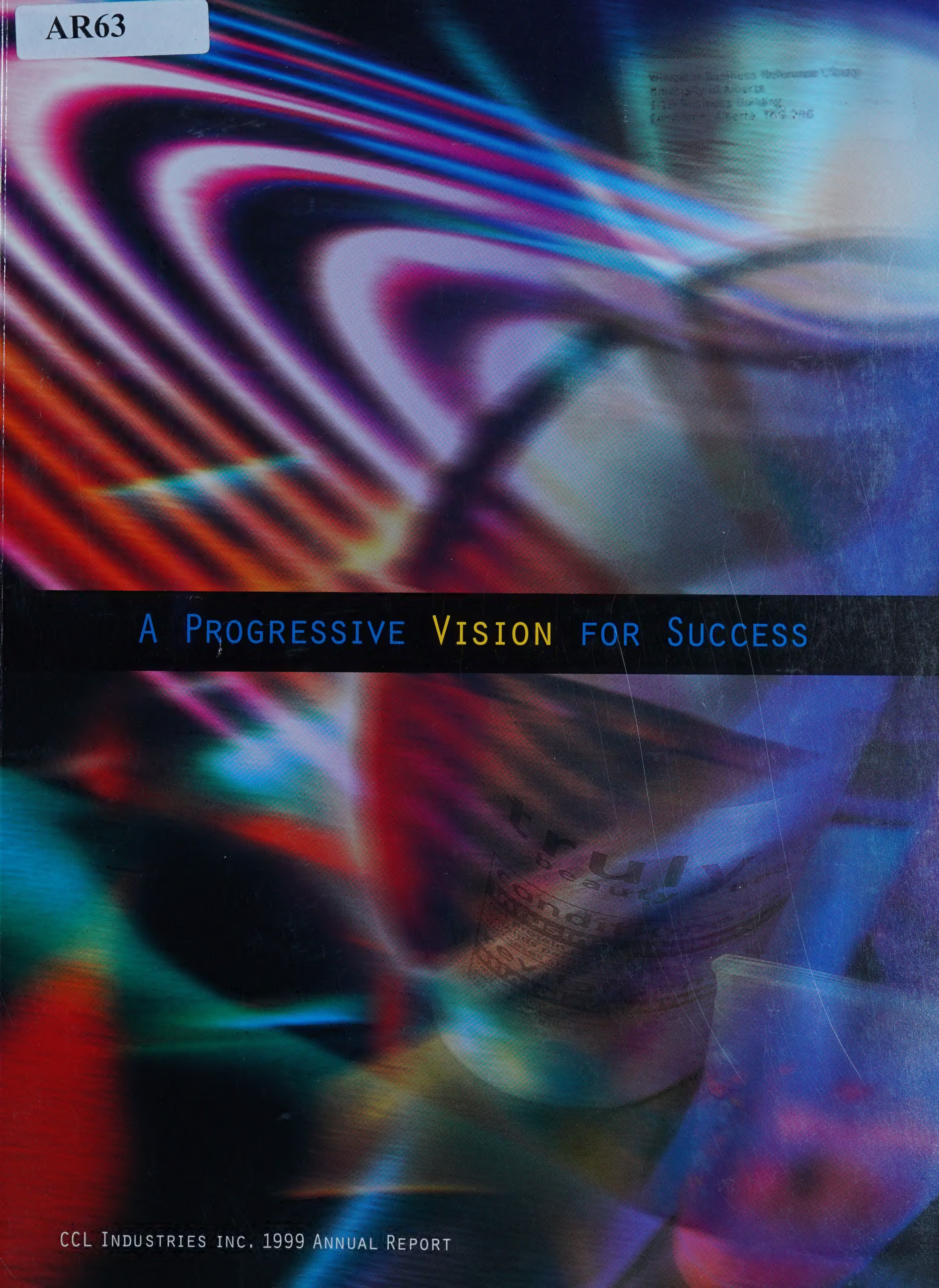


A Progressive Vision for Success

CCL Industries Inc. 1999 Annual Report

HERBAL

"CCL Industries Inc.
Will Be the Premier Packager
of Consumer Products by 2005."

Donald G. Lang,
President and Chief Executive Officer, CCL Industries Inc.

STEP FORWARD: ENERGETIC FINANCIAL

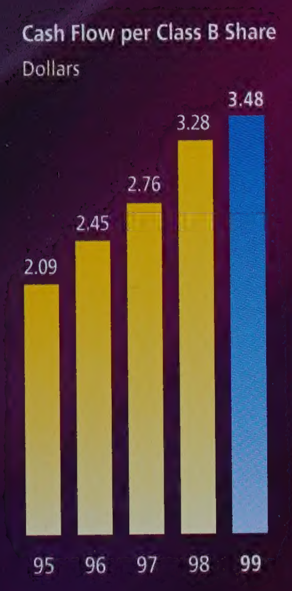
Sales
Millions of Dollars

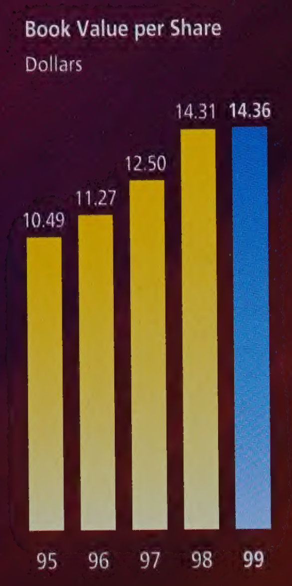
EBITDA
Millions of Dollars

Earnings per Class B Share
Dollars

- Increase shareholder value
- Intensify sales in high-margin sectors
- Strategic acquisitions
- ROE to exceed 12% by 2005
- EPS growth in the range of 15% annually
- Divest businesses that don't fit

Performance and Growth





STEP FORWARD: DYNAMIC CUSTOMER

- Capture new outsourcing opportunities
- High-value packaging solutions
- Market share leadership
- Opportunities in the Americas and Europe
- Fastest growing market segments
- E-business solutions to maximize efficiencies

Relationships

SCHERING-PLOUGH JOHNSON & JOHNSO
ERTO CULVER BEST FOODS COSMAIR WE
JOHNSON RECKITT & COLEMAN BAUS
AVON PLAYTEX REVLON DIAL GRYPHO
GAMBLE BRISTOL-MYERS SQUIBB SCHE
0 RJR NABISCO SUNDOWN ORAL-B MAR

STEP FORWARD: SPIRITED INNOVATIONS

FOR GROWTH

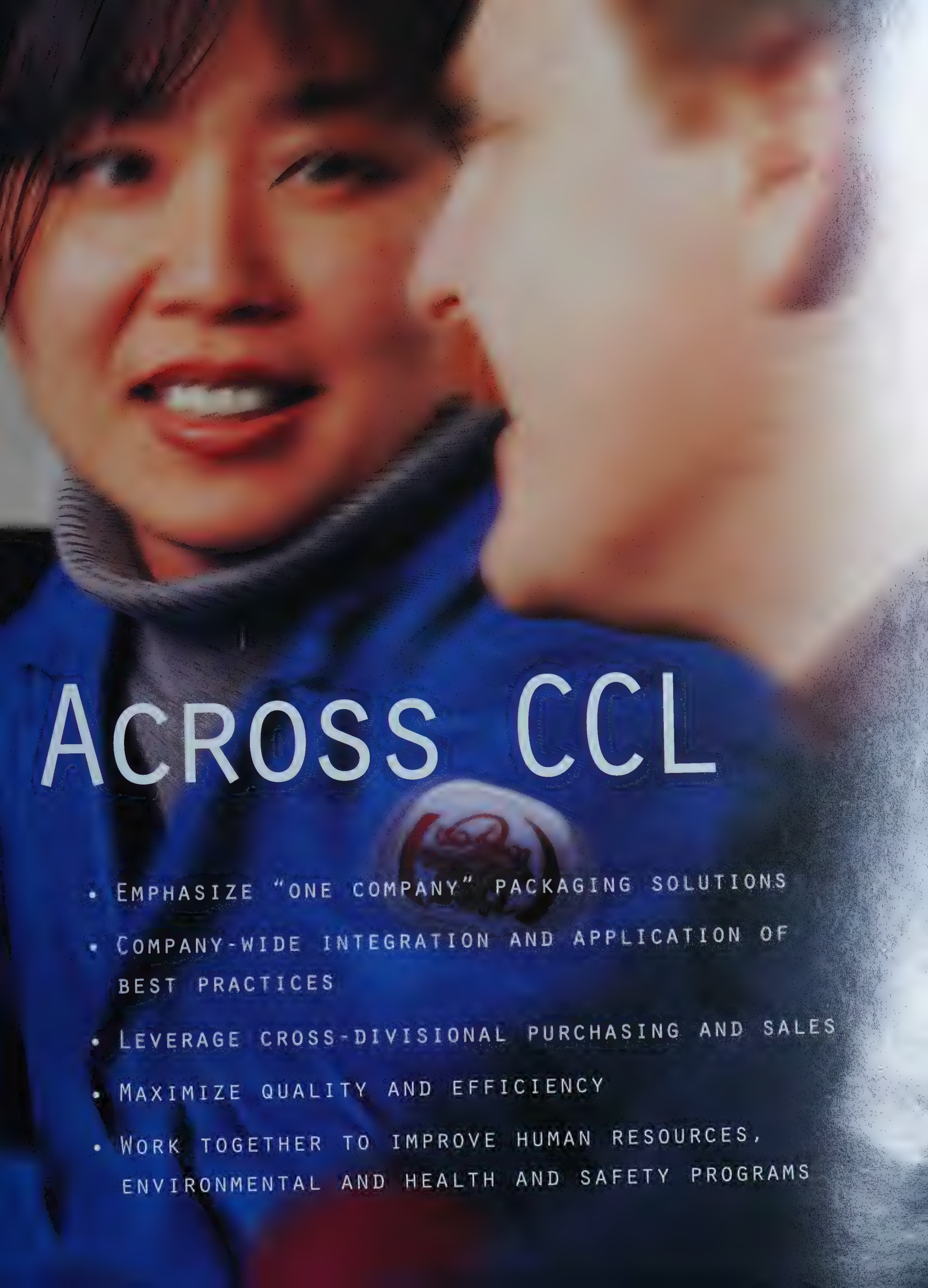
- Investment in product and process innovations
- Strategic application for competitive advantage
- Generate significant sales growth through new products
- Speed-to-market with new product solutions
- Acquisition of proprietary design and knowledge

STEP FORWARD: STRATEGIC TECHNOLOGY

- Leadership through technology that meets global customer needs
- Integrate manufacturing, procurement, and global supply chain
- Expand e-business IT resources
- Invest smartly in state-of-the-art equipment
- Timely deployment

For Competitive Advantage


STEP FORWARD: INTEGRATING
IDEAS



Across CCL

- Emphasize "one company" packaging solutions
- Company-wide integration and application of best practices
- Leverage cross-divisional purchasing and sales
- Maximize quality and efficiency
- Work together to improve human resources, environmental and health and safety programs

DONALD G. LANG,

PRESIDENT AND CHIEF EXECUTIVE OFFICER

STRATEGY FOR PACKAGING LEADERSHIP

CCL Industries is stepping forward with a bold strategy to become the premier packaging company.

We have charted a direction, as presented in this Annual Report, which will create greater value for our shareholders, customers, employees and business partners. We are passionate about our Vision. We have the determination, energy and management strength to fully execute our commitments.

CCL had a successful year in 1999. We increased net earnings by 20.8% in 1999 to $53.6 million, our sixth straight year of continuous earnings improvement. Revenue increased by 6.8% to a record $1.6 billion. Our operational performance was solid on virtually every front.

Yes, CCL is a vigorous company, with a rich heritage of success. This is our foundation for the future. As we step forward we are invigorating CCL and making the necessary changes to become the premier packager of consumer products by 2005.

Here Is How We Define "Premier Packaging Company"

It means CCL will be the market leader and preferred supplier by our customers in the industry segments in which we choose to compete. These are the value-added markets, not the commodity markets. The premier packager is passionate about innovation. It applies packaging know-how to create new product categories and gain early market momentum. It means providing packaging and outsourcing solutions in key global markets.

To measure our progress, CCL has established five key operating milestones:

1. Energetic financial performance and growth
2. Dynamic customer relationships
3. Spirited innovations
4. Strategic technology for competitive advantage
5. Integration of ideas across CCL

The packaging industry is on the cusp of significant change, and opportunity for growth exists. Industry analysts foresee massive consolidation over the next few years. This consolidation in packaging will largely be driven by the industry's customers – the top global consumer products marketers – who themselves are merging and expanding to gain market share and global presence, and to meet investor acceptance. This consolidation will reduce the excess capacity that exists in many sectors of our industry and will reduce industry fragmentation, which is positive. What analysts say will emerge is a concentrated handful of large global players who will compete in all segments of the industry, but primarily in the capital-intensive and low-margin commodity segments.

There will also be a number of highly focused niche players. These companies will participate in chosen market segments. Their focus will be to deliver customized solutions to the higher-margin sectors of the packaging industry. This is the segment where CCL intends to be the market leader, outgrowing and outperforming competitors in the markets we serve – specialty packaging and outsourcing services.

Energetic Financial Performance and Growth

As an enterprise, we are measured by financial success. CCL has a strong financial track record – but it's not good enough. We will improve our financial performance in the coming years. We are demonstrating the desire for change to reach our financial targets.

Our senior executive team has bought into the desire to reach maximum financial strength by fully participating in an executive share purchase program, whereby rewards are directly linked to CCL's shareholders' success.

CCL is determined to improve our operating margins and increase earnings growth in the range of 15% annually. This will be achieved through external and internal performance.

Externally, we will focus growth into high-value packaging solutions in the fastest-growing product segments. This focus means we will be the leading player in high-margin, non-commodity segments for greater earnings potential.

We will make strategic acquisitions that are consistent with our vision, such as our successful 1999 purchase of Rapid-Spray and PharmCoTec in Germany. We will transition out of current businesses that do not provide adequate margins, sustainable growth, are underperforming, or do not fit with our long-term strategy.

A key financial focus will be to improve our return on equity. Our target is to achieve ROE in excess of 12% by 2005.

Donald Lang, President and Chief Executive Officer, provides answers to questions about CCL's future direction.

What has changed at CCL?

We are refocusing and capitalizing on the greatest opportunities for shareholder value. As well, the financial community has had difficulty understanding our business and future direction, so we believe it is vital to aggressively communicate our story and our strategy to become the premier packaging company. Our strategy is sound and contains operating milestones that give us benchmarks and focus.

Today CCL is perceived as a conservative holding company with three distinct packaging divisions. Does the new focus signal a change?

Absolutely! We will continue to operate our divisions with separate profit accountability for operational effectiveness. What we will change is that we will put in place systems and practices to leverage our services, technology, innovations and best ideas. This will create efficiencies and bring greater value to our key stakeholders.

How big and profitable will CCL be in five years?

We will not participate in low-margin commodity markets so we do not aspire to be the biggest packaging company. We will grow sales, however, through organic growth in strategic market segments, through innovative product development and by making sound acquisitions that fit our strategy in Europe and the Americas. While size is important, our key financial focus will be on higher-margin products, which will improve our return on equity. Our target is to achieve return on equity in excess of 12% by 2005. We plan to achieve annual earnings growth in the range of 15%.

How will CCL improve profit margins and earnings?

Let me start by saying we have a solid track record of earnings improvement. We will focus growth on the fastest-growing segments – the high-margin, non-commodity products that offer greater earnings potential. Internally, we will achieve cost reductions through integration, e-business initiatives, and by cascading best practices across our entire business. These programs will not only save costs, but will also provide added customer value.

You say CCL will divest some businesses while acquiring other companies that fit your vision. Please elaborate.

Some of our past acquisitions have been very successful. Unfortunately, others have not. Moving forward, we will evolve the portfolio in a disciplined way by divesting non-strategic businesses that are low-growth, low-margin businesses. On the acquisition side, we see tremendous opportunities in all our businesses, but we will be more selective and only invest in those that offer strong growth and financial performance. We will announce these transactions as we complete them, so it is premature to elaborate further.

What is CCL doing in the area of e-business and how will it help the Company's growth opportunities?

We are developing strategies at the divisional and enterprise levels. These will expand and enhance our services and communications to our customers. E-business will create significant new opportunities for manufacturing outsourcing, increase the potential services we are able to offer our customers and reduce costs for both ourselves and our customers.

Is CCL a good investment?

CCL is definitely undervalued. I think investors have had difficulty understanding our strategy and have grouped us with the commodity players. We are not. With this strategy and a refocused Company, we will attract a broader group of investors who will recognize CCL as a great investment.

Dynamic Customer Relationships

The globalization and competitive pressures of business require our customers to focus on what they do best – developing and marketing consumer products on an international scale. Increasingly, these customers outsource non-core functions namely manufacturing, packaging and labeling, to companies that deliver innovative solutions, meet global requirements, and deliver on price and quality.

CCL strongly values the relationships we hold with the top global brand consumer companies. So how will CCL improve customer relationships?

We will strengthen our customer ties by being in the right place with the right solution. The right place is the Americas and Europe. Our infrastructure in the Americas is strong today, but we will shore up some areas through expansion, others through consolidation. In Europe, where we currently only have a presence in custom manufacturing, we see excellent opportunity to build customer relationships with our other divisions, and we will certainly give Europe increased focus in the coming years.

The right solution means bringing value to our customers, in product areas where they see growth opportunity. As an illustration, we recently worked in strong partnership with Procter & Gamble to help it bring to market an innovative product for home dry cleaning, called Dryel®. Our product development people worked closely with Procter & Gamble to develop an effective packaging and label solution for an entirely new product category – strengthening our customer relationship and giving CCL early entry into a high-value packaging solution.

We are committed to working energetically with the world's best brands to meet and exceed their packaging needs.

Spirited Innovations for Growth

Innovation is a key link to success with customers. For example, Oral-B looked to CCL for an innovative singular packaging and labeling solution for its new CrossAction™ toothbrush. CCL developed an entirely new method of printing on heavy gauge plastic that contains the toothbrush without any requirement for cardboard backing or individual labeling, an industry first. This innovation illustrates CCL's strategy to be first-to-market with high-value new product solutions.

Other examples of innovation are Krome FX™, unique labels that present 3D effects, and a "smart" label initiative with Motorola that uses Motorola's patented radio frequency technology, allowing for the programming and reading of information on microchips that are affixed to labels.

Two of our divisions, CCL Label and CCL Container, are creating Innovation Councils, comprised of representatives from various CCL plants and geographical locations, to identify and bring forward product and process innovations that can be strategically applied for competitive advantage.

It is this spirit, replicated throughout CCL, which will lead to new services and products. As opportunities present themselves, we will also look to acquire proprietary design and knowledge to expand our intellectual capital.

Strategic Technology for Competitive Advantage

CCL plants are among the most modern and technologically advanced in our industry. We strongly believe this gives us a competitive advantage upon which to build our existing technology infrastructure. Speed-to-market is a key requirement for our customers and our investments in technology make us a nimble organization, able to deploy design, prototype, manufacture and distribute in an integrated manner. We will continue to invest – smartly – in technology and equipment that helps us meet global customer needs.

Two key areas of focus moving forward are e-business and supply chain management. Our e-business initiatives will enhance our current systems, where we have invested $40 million over the past three years, to more fully integrate with our customers and suppliers. We are developing a robust e-business strategy and with early deployment will gain competitive advantage. Supply chain initiatives, a key part of our e-business strategy, will permit us to thread our multi-plant operations with suppliers to reduce the transaction costs and deliver products on time and at the right place.

Integrating Ideas Across CCL

A critical look at CCL shows that we have three divisional businesses that operate autonomously. While we will continue to run our divisions with separate profit and loss accountability for operational effectiveness, we will emphasize a "one company" packaging solution. Our divisions currently share many of the same customers. They also carry forward the CCL value proposition.

Moving forward, we will better leverage each division's strengths and apply best practices across each division. Initial efforts are occurring in purchasing and sales, where we will be a stronger company through integration.

CCL has 7,300 people who are rich in ideas – across all parts of our operating units and in our corporate office. We will implement programs and processes, such as the Innovation Councils, to ensure the best ideas rise to the top and are integrated across CCL.

A Bright Future

CCL is charged about the future. There is a fire in our belly to change and succeed. Our industry is undergoing fundamental changes that present us with new opportunities. We will increase shareholder value. We will improve our financial performance. We will continue to strengthen our customer relationships. We will innovate and integrate ideas and technology.

We will become the premier packaging company.

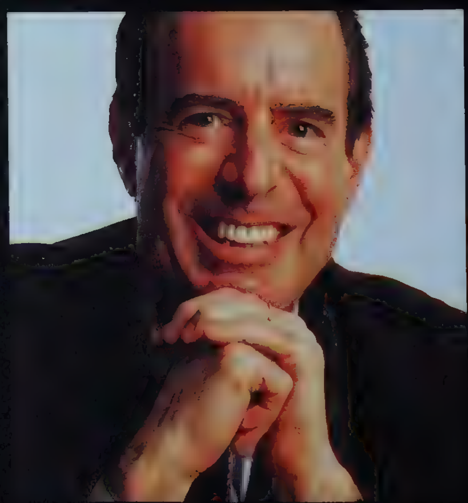
Jon K. Grant
Chairman of the Board

Donald G. Lang
President and Chief Executive Officer

The Board of Directors of CCL Industries guides the strategic direction of the Company. CCL's Board is a talented team of people with a wealth of leadership experience with global consumer marketers; packaging companies; in professional services and with leading business institutions. The majority of board members are unrelated to the Company. Here are our board members.

JON K. GRANT, Chairman, is former Chairman and CEO of Quaker Oats Company and a director of AXA Insurance and The Laurentian Bank of Canada. He joined the CCL board in 1994 and became chairman in 1999. He is currently chairman of the Ontario Board of the Nature Conservancy of Canada and of The Canada Lands Company Ltd.

DONALD G. LANG became president and CEO of CCL in 1999. Previously, he was CCL's president and COO, after leading CCL Custom Manufacturing for five years. A 17-year veteran of CCL, Mr. Lang has been a company director since 1991 and is on the Advisory Committee of the Richard Ivey School of Business.



DOMINIQUE DAMON is CEO and Executive Board Member of Impress Group in The Netherlands and was the CEO of other large European companies, including The Rhone-Poulenc Chemical Company and Alusuisse Lonza. She became a CCL director in 1999.

GORDON S. LANG is founding chairman of CCL and has led the Company since its founding in 1951. A University of Toronto electrical engineering graduate, Mr. Lang served with the Royal Canadian Artillery and Royal Canadian Infantry in World War II.

PAUL J. BLOCK is chairman and CEO of Proteus Capital Associates, which specializes in bank and corporate restructuring and investment opportunities. He is former chairman and president of Revlon International. Mr. Block joined CCL's board in 1997.

STUART W. LANG is president of CCL Label, Canada and has been a director since 1991. He has held senior positions throughout the Custom Manufacturing and Label Divisions since joining the Company in 1982. Prior to this, Mr. Lang played for the CFL's Edmonton Eskimos for eight years.

ARNOLD ENGLANDER is tax counsel at Lang Michener in Toronto. A CCL director since 1978, Mr. Englander has instructed the Bar Admission Course and delivered numerous papers on tax matters to the Canadian Bar Association and the Canadian Tax Foundation.

H. JOHN GREENIAUS is the former chairman and CEO of Nabisco Inc. and held key marketing positions at Procter & Gamble and Pepsi Co. A director of CCL since 1998, he serves as a director of Primedia Inc. and True North Inc. and is on the International Advisory Council of McGill University.

DERMOT G. COUGHLAN founded Derlan Industries in 1984 and is its chairman and CEO. Based in Toronto, Derlan has aerospace and pump manufacturing facilities in North America and Europe. Mr. Coughlan has served as a director of CCL since 1991 and is a director of MacKenzie Financial Corporation.

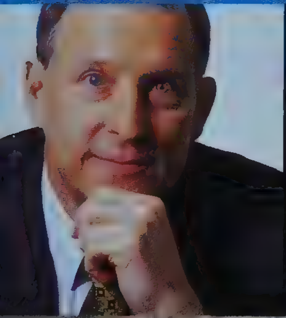
ALBERT GNAT is a partner at Lang Michener and a specialist in securities law, mergers and acquisitions and finance transactions. Having served on the CCL board since 1973, Mr. Gnat also serves on the board of CamVec Corporation, Rogers Communications Inc., Rogers Cantel Mobile Communications Inc., Ikea Canada and Leitch Technology Corporation among others.

LAWRENCE G. TAPP is Dean of the Richard Ivey School of Business, and was with the Faculty of Business at University of Toronto from 1993 to 1995. A CCL director since 1994, Mr. Tapp was vice-chairman, president and CEO of Lawson Mardon Group Ltd. from 1985 to 1992.

CCL TODAY

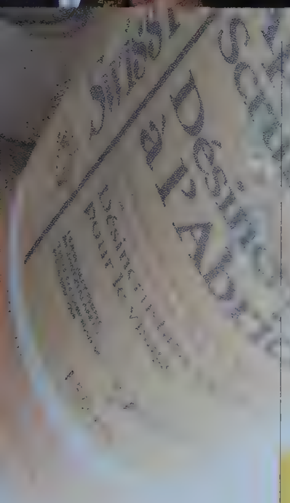
The largest contract manufacturer of consumer products in North America and the United Kingdom with facilities in the United States, Canada, the United Kingdom, Germany and China. CCL Custom Manufacturing provides solutions to the outsourcing needs of the major multi-national marketers of personal care, household, pharmaceutical, oral care and specialty food products. We supply a full manufacturing service providing our customers their finished product in aerosol, liquid, cream, and solid stick form.

CUSTOM MANUFACTURING DIVISION



"Stepping forward... we will continue to be our customers' preferred supplier of contract manufacturing services and will grow our market share by increasing our capabilities and delivering competitive edge in quality, service, and productivity."

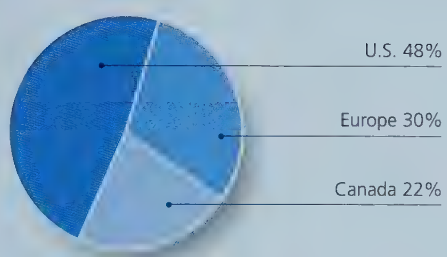
Paul Cummings, President, CCL Custom Manufacturing



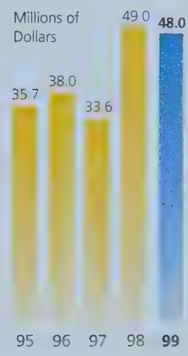
Markets Served

- Personal Care
- Oral Care
- OTC Pharmaceutical
- Food
- Household
- Automotive
- Insecticide
- Paint

Sales by Region



Operating Income



1999 Highlights

- Acquired the aerosol filling business Rapid-Spray and PharmCoTec to supply multinational and European marketers with a full manufacturing service for their personal care, OTC pharmaceutical and household products.
- Completed the implementation of our integrated management information system, which will enable us to enhance communications and services to customers.
- Extended a major contract with a significant customer to continue to provide their aerosol products until 2005.
- Consolidated our aerosol facilities and improved asset utilization with the closure of our Niles, Illinois plant.

Stepping Forward...

To continue our global expansion with particular focus on growing CCL's presence in the U.K. and the rest of Europe. The outlook is positive as financial performance improves and provides sufficient cash flow to reinvest in our business growth and to ultimately increase CCL shareholder value.

Our focus will remain on the core aerosol and liquid businesses and on increasing our market share through the development of new services and entry into new markets such as our rapid growth barrier pack technology acquired in Germany. Our facilities are continuing to improve quality performance and increase flexibility and asset utilization, giving us a competitive edge in anticipating and meeting the ever-changing needs of our customers.

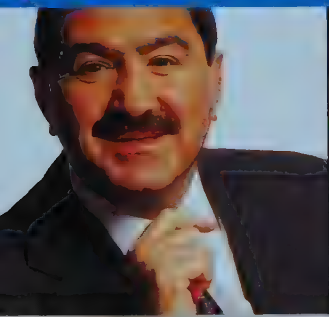
Market Watch

Although the North American market tends to be mature, it is still very dynamic. Our customers are introducing new products at a faster rate and are continually looking for ways to differentiate themselves in a highly competitive marketplace. E-business is creating new ways for our customers to sell to the consumer and new ways for us to communicate and sell to them. As consolidation continues we see increasing opportunities to provide a full manufacturing service as major marketers try to simplify their businesses and improve their speed-to-market.

- "Successful industry players will focus on short lead times, just-in-time (JIT) delivery, flexibility in production and quantities and the ability to offer custom specification." *Frost & Sullivan*
- "Outsourcing is being increasingly viewed as a way to achieve strategic goals, improve customer satisfaction, and reduce costs and capital demand." *Klepper & Jones*

North America's largest manufacturer of high-quality, aluminum aerosol containers and a leading producer of aluminum, tin, laminate and plastic tubes, and jars and dispensing closures. We supply innovative packaging solutions for the major marketers of consumer products in a wide variety of markets. We serve customers worldwide from our North and Central American operations.

CONTAINER DIVISION



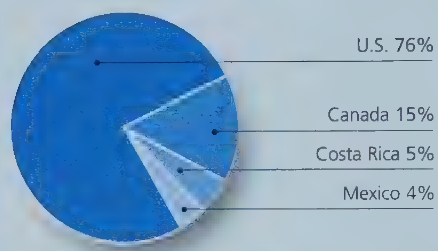
"Stepping forward... we will focus on growth into new and innovative packaging solutions and work energetically with the world's best brands to create high-value product and process innovations that will give us and our customers competitive advantage."

Rami Younes, President, CCL Container Division

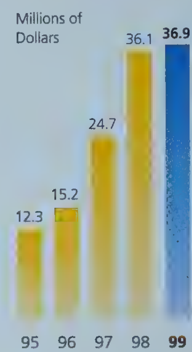
Markets Served

- Personal Care
- Pharmaceutical
- Cosmetic
- Food
- Automotive
- Household
- Industrial
- Beverage

Sales by Region



Operating Income



1999 Highlights

- Accelerated our innovation program in shaped cans and developed a variety of innovative packages for our customers including new beverage containers.
- Expanded our piston can business to better supply customers with containers for gel shave cream and other personal care products which continue to experience significant growth in the marketplace.
- Installed three high-speed aluminum tube lines to satisfy the continued demand for hair colour – a market which is growing in excess of 15% per annum.
- Our plastic tube business continues to grow due to the expanding requirements for large diameter tubes used for personal care products – our specialty.

Stepping Forward...

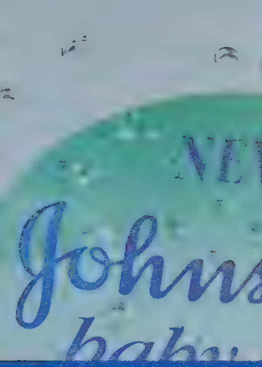
To significantly increase CCL Container's stature as a leading international supplier of specialty packaging products. CCL Container will expand its relationships with its wide range of multinational marketers focussing on the personal care, cosmetics, pharmaceutical, food, household, industrial and automotive industries.

We will continue to expand our services, strategically add capacity and improve utilization to support high-growth segments. We will develop innovative packages and services with new and existing customers. By attaining and aggressively applying competitive advantage, CCL Container will boost customer and shareholder value.

Market Watch

The markets in which we operate continue to experience varying degrees of growth ranging from 2%–3% for some mature products to over 15% for hair colour and pharmaceuticals. Speed-to-market is critical for our customers and their suppliers. Major marketers continue to look for fresh and vibrant packaging to introduce new products and revitalize old ones.

- "The plastic industry's rapid growth is due, in part, to its extensive list of end-users which include the food and beverage, pharmaceuticals, cosmetics, and household chemicals industries." *Frost & Sullivan*
- "Ongoing market conversion represents an 'opportunity to packaging companies owing to their ability to adapt to changing customer demand and other trends.'" *Goldman Sachs*
- "Companies who innovate will rule the packaging industry as long as the innovation is continuous and well managed." *Tim Burns, President of Cranial Capital Inc.*

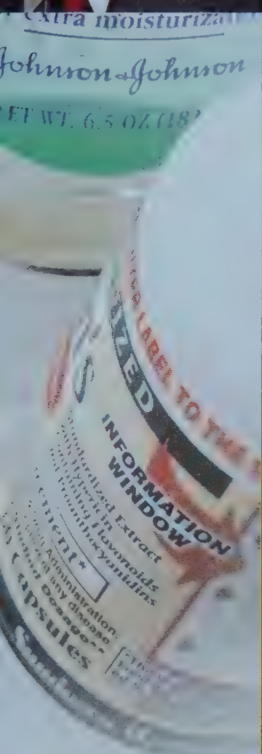


The largest North American innovator of quality identification and information labels. CCL Label designs and prints a wide range of high-quality paper and film pressure sensitive labels for a broad range of consumer and pharmaceutical applications. In addition, we also design and build high-speed label application equipment. We service customers from our locations across North America including Mexico and Puerto Rico.

LABEL DIVISION

"Stepping forward... *we will bolster our North American leadership position in high-value segments by applying competitive advantages: utilizing our network of integrated plant locations to build even stronger customer relationships; creating innovative products and applications and strategically using superior technologies."*

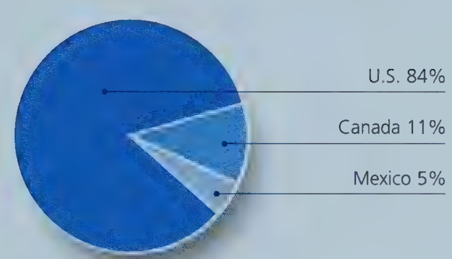
Serge De Paoli, President, CCL Label Division



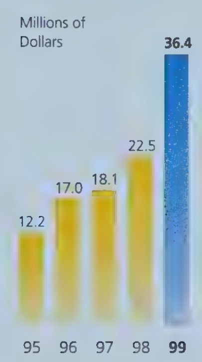
Markets Served

- Personal Care
- Pharmaceutical
- Promotional
- Beverage
- Food
- Household
- Consumer Durables
- Automotive
- Tobacco

Sales by Region



Operating Income



1999 Highlights

- Completed the integration of Engraph, acquired in 1998, including the building and start-up of a new state-of-the-art facility in Charlotte, NC to better meet demands for high-quality, high-volume label requirements.
- Expanded our Sioux Falls, SD facility to meet growing orders for our expanded content labels used in the pharmaceutical and promotional markets.
- Generated significant income from new innovative products and processes that were developed with our customers, including Oral-B, Rexall Sundown and Procter & Gamble.
- Installed new state-of-the-art printing presses to better service our customers, including two wide web 22" presses in Sioux Falls and a sophisticated combination offset press in Charlotte.

Stepping Forward...

To broaden our competitive leadership position in North American markets where there is significant potential for market share gain, such as pharmaceutical and promotional labels. CCL will continue to look for strategic acquisitions in North America to increase market share and apply our winning formula for growth to pursue international expansion.

We will increase Research and Development in the creation of new products and services to help our customers differentiate themselves. By applying its competitive advantages, CCL Label will attain profitable growth and long-term value creation for customers and shareholders.

Market Watch

CCL Label operates in a fragmented market where being the largest means 10%–15% market share. Promotion of new products and the search for innovative ways to identify and differentiate products is a key thrust in today's marketplace. Marketer consolidation brings supplier consolidation and opportunities for CCL Label due to its breadth of product line, scope of manufacturing and regional capabilities.

- "The North American pressure sensitive label market will be worth $4.44 billion U.S. this year and $4.72 billion U.S. in 2001."
  Frost & Sullivan
- "All Labeling Identification Products represents an estimated $25 billion U.S. global market. Broken down, the North America market is valued at $19 billion U.S., Europe $8.5 billion U.S., Japan $6.5 billion U.S. and the rest of the world $1 billion U.S."
  Tim Burns
- "Successful industry players will identify end-user applications that stand to benefit from pressure sensitive labeling."
  Frost & Sullivan

COMMITTED TO HEALTH AND SAFETY AND THE PROTECTION OF OUR ENVIRONMENT

CCL is committed to the health and safety of employees, the protection of our environment and the support of the communities in which we operate.

Health & Safety

At CCL we continue to build a safety culture. This is done through active participation of employees and health and safety committees, in programs that are designed to increase awareness and accountability. Training has been targeted to specific employee groups and issues in order to reinforce behavioral changes necessary for a safer work environment. CCL also conducts employee health and safety audits at the manufacturing facilities. This program was recently expanded to include a review of management systems to ensure that standard practices are in place across the corporation.

During 1999, the Company's and employees' efforts were rewarded with a 15% reduction in lost-time injuries. CCL measures its health and safety performance both through improvement year over year and on a relative basis, comparing our results to others within our industry. This measurement includes the number of injuries that occur as well as their severity, which is measured in the number of days lost per injury. Improvements have been gained through the systematic review of injury trends, the identification of hazards and the implementation of corrective actions. CCL continues to outperform our industry sectors and is steadily improving compared to previous years.

Environment

CCL is committed to the protection of our environment and the responsible operation of all manufacturing sites. Each of our locations throughout the world pursues aggressive compliance programs and pollution prevention initiatives. Our Environmental Audit program helps to support plant compliance improvement programs, and transfer best practices.

During 1999, waste reduction again comprised the majority of the Company's continuous improvement efforts in the environmental arena. CCL has a rigorous approval process for waste vendors, which establishes vendors as reputable and cost efficient. We will continue to focus on waste management and our many other environmental initiatives.

Health & Safety and Environmental Directors' Awards

Five years ago, the Board of Directors sponsored an award program to recognize overall excellence in health and safety and environmental stewardship, improvement in health and safety performance, and community environmental awareness. The Directors' Awards Program provides focus and recognition in these important areas and has encouraged healthy competition between operations.

Last year, the Board of Directors expanded the Environmental Awareness Award program. This resulted in funding a number of deserving community-based environmental projects. In 1999, eight such projects were funded under the Board of Directors Awards program. The recipient of the Directors' Award for Environmental Awareness was the CCL Container plant in Penetang, Ontario for their efforts in shoreline cleanup of Penetang's Waterfront Park. Other 1999 award recipients include the CCL Container plant in Harrisonburg, Virginia for Overall Health and Safety Excellence, CCL Custom Manufacturing, Scunthorpe, U.K. and CCL Custom Manufacturing, Rexdale, Ontario for Environmental Excellence, and CCL Container in Hermitage, Pennsylvania and CCL Custom Manufacturing, Rexdale, Ontario for Health and Safety Improvement. The Board of Directors congratulates all of the 1999 recipients.

Community

CCL is committed to the communities in which it operates. Our Charitable Donations program is focused on our communities, our environment, health and education. In 1999, we continued to promote volunteerism and challenged each of our locations to participate in a community-based activity in which employees could contribute by volunteering. Employees' support for their communities ranged from improving a recreational and sports facility for local children in Costa Rica, to painting a home for a disadvantaged family in Sioux Falls, South Dakota. CCL will continue to encourage volunteer-based programs, and recognize their importance within the community through our Board of Directors' Awards.

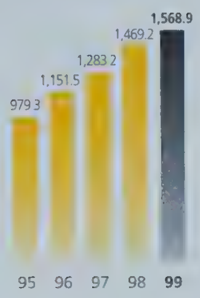
FINANCIAL HIGHLIGHTS

For the year ended December 31

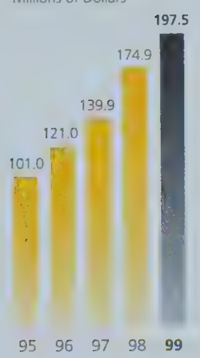
		1999
Sales	$	1,568,875
EBITDA		197,532
Depreciation and amortization of		
other assets		68,759
Interest		35,642
Earnings before income taxes and		
goodwill amortization		93,131
Income taxes		26,760
Earnings before goodwill amortization		66,371
Goodwill amortization, net of tax		12,741
Net earnings	$	53,630
Per Class A Share		
Earnings before goodwill		
amortization	$	1.68
Net earnings	$	1.36
Cash flow	$	3.48
At year end		
Total assets	$	1,422,455
Net debt	$	512,601
Shareholders' equity	$	564,298
Net debt to equity ratio		0.91
Return on average equity		9.4%
Net debt to total capitalization		47.6%
Book value per share	$	14.36
Number of employees		7,300

YEARS ENDED DECEMBER 31, 1999 AND 1998
(TABULAR AMOUNTS IN MILLIONS EXCEPT PER SHARE DATA)

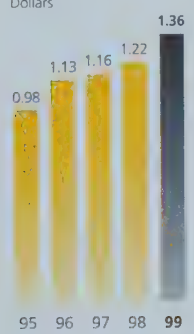
Sales
Millions of Dollars



EBITDA
Millions of Dollars



Earnings per B Share
Dollars



RESULTS OF CONSOLIDATED OPERATIONS

	1999	1998	Change $	%
Sales	$ 1,568.9	$ 1,469.2	99.7	6.8
EBITDA	197.5	174.9	22.6	13.0
Depreciation, and amortization of other assets	68.8	61.4	7.4	12.1
Interest	35.6	35.2	0.4	1.3
Earnings before income taxes and goodwill amortization	93.1	78.3	14.8	18.9
Income taxes	26.8	22.4	4.4	19.5
Earnings before goodwill amortization	66.3	55.9	10.4	18.6
Goodwill amortization, net of tax	12.7	11.5	1.2	10.3
Net earnings	$ 53.6	$ 44.4	9.2	20.8
Earnings per Class B share				
Earnings before goodwill amortization	$ 1.68	$ 1.53	0.15	9.8
Net earnings	$ 1.36	$ 1.22	0.14	11.5
Fully diluted earnings per Class B share	$ 1.33	$ 1.19	0.14	11.8
Cash flow per Class B share	$ 3.48	$ 3.28	0.20	6.1

OVERVIEW

CCL Industries Inc. creates innovative packaging solutions for household consumer products internationally. CCL is a global market leader in the packaging markets it serves: outsourcing and custom manufacturing; specialty aluminum and plastics packaging; high-impact identification and information labels. Its packaging solutions are used by the largest international consumer brands in personal care, cosmetics, pharmaceutical, household and specialty food products. The Company employs approximately 7,300 people and operates 34 production facilities in North and Central America, Europe and Asia.

CCL has three operating divisions:

The Custom Manufacturing Division produces aerosol, liquid, toothpaste and solid stick products for marketers of well-known consumer brands. It is the largest contract manufacturer of aerosol products in the world and has three plants in the U.S., two in Canada, four in the U.K., one in Germany and one in China.

The Container Division is North America's largest manufacturer of aluminum specialty containers, including recyclable aerosol cans and bottles as well as aluminum and tin tubes. The Division is also a leading manufacturer of laminate tubes and plastic tubes, caps, closures and jars. It operates from six plants in the U.S., one in Canada, one in Mexico and one in Costa Rica.

The Label Division is a leading North American producer of pressure sensitive self-adhesive labels. It designs and prints a wide range of high-quality paper and film, expanded content, promotional, coupon, prime and in-mold labels for a broad spectrum of consumer applications in eight plants in the U.S., three in Canada, one in Mexico and one in Puerto Rico. The Division also manufactures and markets pressure sensitive label application equipment from one location in the U.S. and one in Canada.

Report on Operations

A direct comparison of CCL's 1999 and 1998 results is impacted by recent acquisitions. On June 11, 1999 CCL acquired the aerosol filling businesses of Rapid-Spray and PharmCoTec based in Germany. In addition, the 1999 results reflect a full year of operations for the North American pressure sensitive label business of Sonoco Products Company, known as Engraph, which was acquired on March 31, 1998. Also, the 1999 operating income was reduced across all Divisions because of Year 2000 remediation, which cost approximately $2.0 million, in addition to significant employee effort.

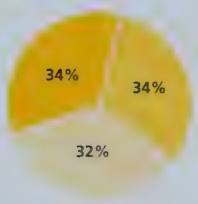
Consolidated sales increased by $99.7 million to $1,568.9 million or 6.8% in 1999. Sales in the Label Division increased $81.9 million or 22.7% due to a full year of operations for Engraph and to increased volume. Sales in Custom Manufacturing were unchanged from the prior year as the impact of the Rapid-Spray and PharmCoTec acquisition was offset by lower volume in the base business while Container sales increased by 5.5% on higher volume. Earnings per Class B share for the year, before goodwill amortization, was $1.68 compared with $1.53 for 1998. Net earnings increased by 20.8% to $53.6 million or $1.36 per Class B share, from $1.22 per Class B share in 1998. The Rapid-Spray and PharmCoTec acquisition was neutral on earnings per share for 1999. When outstanding share options are considered, fully diluted earnings per Class B share were $1.33 compared to $1.19 in 1998.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 13.0% to $197.5 million from $174.9 million in 1998. Depreciation and amortization increased as a result of a full year of operations in Engraph, the acquisition of Rapid-Spray and PharmCoTec and the depreciation of recent capital spending including the integrated management information system. Interest expense was up marginally due to the capital spending program, the annualized effect of acquisitions and the repurchase of shares under the normal course issuer bid. This increase was offset in part by the annualized effect of the equity issue in late 1998 and strong operational cash flows.

The effective income tax rate for the year is lower than the combined Canadian federal and provincial income tax rate due to lower tax rates in foreign jurisdictions and the utilization of prior years' United Kingdom tax losses net of non-deductible goodwill amortization.

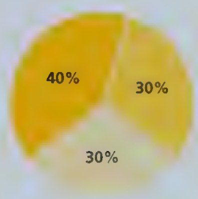
	1999	1998	% Change
Divisional EBITDA			
Custom Manufacturing	**$ 69.9**	$ 67.2	4.0
Container	**69.9**	67.1	3.8
Label	**65.4**	48.3	35.2
Divisional operating income			
Custom Manufacturing	**$ 48.0**	$ 49.0	(2.2)
Container	**36.9**	36.1	2.3
Label	**36.4**	22.5	62.4
	121.3	107.6	12.8
Corporate expense	**(8.0)**	(8.4)	(4.8)
Interest expense	**(35.6)**	(35.2)	1.3
Income from operations	**$ 77.7**	$ 64.0	21.4

1999 EBITDA



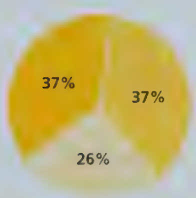
by Division
- Custom Manufacturing
- Container
- Label

1999 Operating Income



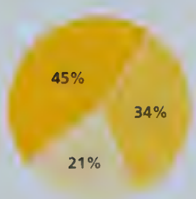
by Division
- Custom Manufacturing
- Container
- Label

1998 EBITDA



by Division
- Custom Manufacturing
- Container
- Label

1998 Operating Income



by Division
- Custom Manufacturing
- Container
- Label

Quarterly sales and earnings by business segment are as follows:

1999	Qtr 1	Qtr 2	Qtr 3	Qtr 4	**Year**
Sales					
Custom Manufacturing	$ 195.2	$ 188.7	$ 200.8	$ 208.1	**$ 792.8**
Container	88.2	84.8	82.0	79.0	**334.0**
Label	110.2	115.3	109.7	106.9	**442.1**
Total sales	$ 393.6	$ 388.8	$ 392.5	$ 394.0	**$ 1,568.9**
Divisional operating income					
Custom Manufacturing	$ 11.8	$ 12.7	$ 11.5	$ 12.0	**$ 48.0**
Container	10.2	10.3	8.7	7.7	**36.9**
Label	8.9	10.1	9.4	8.0	**36.4**
Contribution from operations	$ 30.9	$ 33.1	$ 29.6	$ 27.7	**$ 121.3**
Earnings before goodwill amortization	$ 16.2	$ 17.8	$ 16.4	$ 15.9	**$ 66.3**
Net earnings	$ 13.2	$ 14.6	$ 13.2	$ 12.6	**$ 53.6**
Per Class B share					
Earnings before goodwill amortization	**$ .41**	**$ .45**	**$ .41**	**$ .41**	**$ 1.68**
Net earnings	**$ .33**	**$ .37**	**$ .33**	**$ .33**	**$ 1.36**

1998	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Sales					
Custom Manufacturing	$ 196.0	$ 200.6	$ 209.1	$ 186.7	$ 792.4
Container	77.4	79.1	79.4	80.7	316.6
Label	56.1	104.6	96.0	103.5	360.2
Total sales	$ 329.5	$ 384.3	$ 384.5	$ 370.9	$ 1,469.2
Divisional operating income					
Custom Manufacturing	$ 11.6	$ 13.4	$ 13.7	$ 10.3	$ 49.0
Container	8.4	9.5	8.3	9.9	36.1
Label	4.4	6.2	4.8	7.1	22.5
Contributions from operations	$ 24.4	$ 29.1	$ 26.8	$ 27.3	$ 107.6
Earnings before goodwill amortization	$ 12.4	$ 14.5	$ 14.0	$ 15.0	$ 55.9
Net earnings	$ 10.2	$ 11.5	$ 10.8	$ 11.9	$ 44.4
Per Class B share					
Earnings before goodwill amortization	**$ .34**	**$ .40**	**$ .39**	**$ .40**	**$ 1.53**
Net earnings	**$ .28**	**$ .32**	**$ .30**	**$ .32**	**$ 1.22**

Custom Manufacturing

	1999	1998	% Change
Sales	**$ 792.8**	$ 792.4	0.1
EBITDA	**$ 69.6**	$ 67.2	4.0
Operating income	**$ 48.0**	$ 49.0	(2.2)
Return on sales			
EBITDA	**8.8%**	8.5%	
Operating income	**6.1%**	6.2%	

The Custom Manufacturing Division produces aerosol, liquid, toothpaste and solid stick products for marketers of well-known consumer brands. It is the largest contract manufacturer of aerosol products in the world and has three plants in the United States, two in Canada, four in the United Kingdom, one in Germany and a joint venture in China.

Commercial production at the aerosol and liquid manufacturing facility in Shanghai, China began in the second quarter of 1999. The Company has a 33% joint venture interest in the Shanghai facility that, in addition to its contract manufacturing capacity, produces propellant for its own operations and for the Chinese market. The Company's investment is approximately $6 million. The Division's share of the 1999 operating loss was approximately $1.0 million. In 1998, there was no income effect as the operation was under construction.

During 1999, Custom Manufacturing acquired the aerosol filling business of Rapid-Spray and PharmCoTec, based in Germany, for $39.7 million. This ISO-certified facility manufactures personal care, over-the-counter pharmaceutical, automotive and industrial aerosol products for major marketers. This acquisition brings its own patented bag-in-can system which provides a formulation and filling technology that maintains the high integrity of the product by separating the product from the propellant.

Year over year sales and volume were unchanged from 1998 levels with the addition of the German operations offset by reduced volumes in the base business. The decline in operating income from the record year in 1998 was largely the result of additional depreciation and amortization and operating inefficiencies related to the start-up of the integrated management information system. The operating loss in the China joint venture also reduced earnings.

Sales in North America decreased by $12.6 million or 2.2% to $557.9 million, while operating income remained flat at $40.5 million. 1998 volumes were unusually high due to the benefit of "pipe line filling" from a new customer. In addition, in 1999 the Division closed its Niles, Illinois facility, which caused a slight reduction of sales, as planned, but had a nominal impact on income. European sales increased by $12.7 million to $234.7 million or 5.7% over 1998 as a result of the acquisition of Rapid-Spray and PharmCoTec offset by a decline in sales in the pharmaceutical unit in the U.K.

There were significant capital projects totaling $31.3 million carried out during 1999, including continued spending on the three-year project implementing an integrated management information system; the installation of a personal care liquid line and the upgrade of compounding facilities in Memphis, Tennessee; the upgrade of a gas room ventilation system and of a computerized safety system at K-G Packaging, in Ontario; the installation of manufacturing and filling equipment and refurbishment of facilities in Runcorn, U.K. and the completion of a fragrance line in Parkfields, U.K.

CONTAINER

	1999	1998	% Change
Sales	$ 334.0	$ 316.6	5.5
EBITDA	$ 69.6	$ 67.1	3.8
Operating income	$ 36.9	$ 36.1	2.3
Return on sales			
EBITDA	20.8%	21.2%	
Operating income	11.1%	11.4%	

The Container Division is North America's largest manufacturer of aluminum specialty containers, including recyclable aerosol cans and bottles as well as aluminum and tin tubes. The Division is also a leading manufacturer of laminate tubes and plastic tubes, caps, closures and jars. It operates from six plants in the U.S., one in Canada, one in Mexico and one in Costa Rica.

Sales of the Container Division increased by $17.4 million or 5.5% to $334.0 million. EBITDA increased by $2.5 million or 3.8% to $69.6 million while operating income increased by 2.3% to $36.9 million in 1999. Sales in the aerosol business increased during the year due to increased shipments for aerosol containers and caulking cartridges. Operating income in the aerosol business declined from 1998 levels as a result of decreased margins brought on by the competitive impact on selling prices combined with wage and other cost increases.

Demand for aluminum and laminate tubes was in line with 1998. Shipments of metered dose inhalers and tin tubes increased substantially during the year as a result of customer product launches and carry-over demand from 1998.

Sales and operating income in Mexico, under a new management team, were significantly improved from 1998 as a result of stronger aerosol sales and major productivity improvements. There was a major turnaround in this business which operated at a loss in 1998 and improved earnings by $1.9 million in 1999. Operating income in Costa Rica was better than expectations but down from 1998 as a result of a laminate tube customer taking production in-house and due to excess capacity and pricing pressures in the aluminum tube market.

Sales of the Plastic Packaging business increased moderately over 1998 while operating income was down significantly from the prior year. The growth in sales of plastic tubes was ahead of expectations and 1998 levels because of stronger market demand in 1999 versus 1998 particularly for the larger sized tubes. Dispensing closure sales showed promising growth in the first full year of production. The combined sales of plastic tubes and dispensing closures increased $14.0 million in 1999 over 1998. Sales of commodity non-dispensing closures decreased $3.4 million in 1999 and contribution was down significantly as a result of manufacturing problems and competitive pricing pressure.

The Container Division spent $29.0 million on capital projects including the installation of two aluminum tube lines in Harrisonburg, Virginia; the installation of an aluminum tube line in Carrollton, Kentucky; a project to upgrade the management information system; the installation of a modified aerosol line in Penetang, Ontario and the purchase of dispensing closure molds (flip-top and Press-Top™) and building renovations in Los Angeles, California.

The most significant variable cost in the Container Division is aluminum, and the Division uses a hedging program to moderate the fluctuations in the cost of this commodity. Fluctuations in the market price of aluminum during 2000 will not have a material impact on the Container Division's 2000 operations since 70% of its requirements will be met with forward contracts which generally hedge the cost of aluminum as part of fixed pricing contracts with many of its significant customers. Contracts have been purchased to cover some of the expected requirements in 2001.

LABEL

		1999		1998	% Change
Sales	**$**	**442.1**	$	360.2	22.7
EBITDA	**$**	**65.4**	$	48.3	35.2
Operating income	**$**	**36.4**	$	22.5	62.4
Return on sales					
EBITDA		**14.8%**		13.4%	
Operating income		**8.2%**		6.3%	

The Label Division, a leading North American producer of pressure sensitive self-adhesive labels, designs and prints a wide range of high-quality paper and film, expanded content, promotional, coupon, prime and in-mold labels for a broad spectrum of consumer applications in eight plants in the U.S., three in Canada, one in Mexico and one in Puerto Rico. The Division also manufactures and markets pressure sensitive label application equipment from one location in the U.S. and one in Canada.

Sales in the Label Division increased $81.9 million or 22.7% to $442.1 million in 1999. EBITDA increased $17.1 million or 35.2% and operating income increased $13.9 million or 62.4%. The 1998 results include the sales and operating income from the Engraph business beginning in April. If the Engraph 1998 results were annualized, sales in the Label Division would have increased by approximately 8% and operating income would have increased by approximately 30% in 1999.

Volume improved in this Division in 1999. Several customer product launches were very successful and the Label plants were rewarded with record sales volume. In addition, the Division saw the synergistic benefits of the rationalization of operations started in 1998 following the acquisition of Engraph. Capacity utilization rates have improved in 1999 versus 1998 and overhead costs on a unit basis declined materially in 1999. The label application equipment business did not meet expectations, as it operated at a loss for the year.

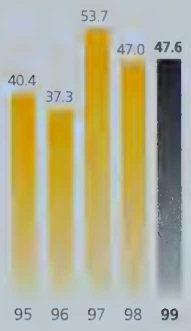
The Label Division spent $30.5 million on capital expenditures. The Sioux Falls, South Dakota facility started construction on a second plant that will be used primarily for production of expanded content labels (ECL). It is expected to begin operation in the first quarter of 2000. In addition, Sioux Falls purchased two UV combination presses. Start-up of a new state-of-the-art plant in Charlotte, North Carolina was delayed into the fourth quarter of 1999 because of construction and manufacturing problems. This new plant consolidated the Cincinnati and previous Charlotte plants into one facility.

LIQUIDITY AND CAPITAL STRUCTURE

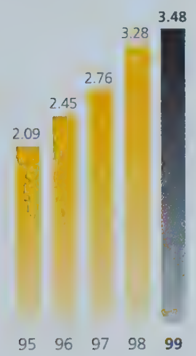
As at December 31, 1999, the Company had total debt outstanding of $543.0 million and cash and short-term investments of $30.4 million, for a net debt position of $512.6 million. At December 31, 1998, total debt outstanding was $552.8 million and cash and short-term investments of $46.7 million for a net debt position of $506.1 million. The increase in net debt outstanding during 1999 is attributed to net cash outflows as follows:

Cash inflows		
Cash provided by operations	$	124.7
Cash outflows		
Spending on capital assets		(91.1)
Acquisition		(39.7)
Dividends to shareholders		(12.2)
Settlement of exercised stock options (net of shares issued)		(4.3)
Share buy-back under normal course issuer bid process		(11.1)
Translation of U.S. dollar denominated debt		27.1
Increase in net debt	$	(6.6)

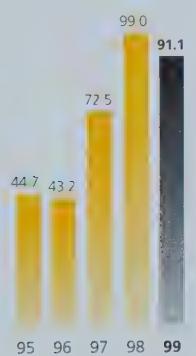
Net Debt to Total Capitalization
Percentage



Cash Flow per B Share
Dollars



Capital Spending
Millions of Dollars



In June, the Company acquired Rapid-Spray and PharmCoTec for $39.7 million.

The Board of Directors of the Company has indicated that the optimum level of financial leverage as measured by the debt to total capitalization ratio is no more than 50%. This ratio has increased from 47.0% at the end of 1998 to 47.6% at the end of 1999 primarily due to spending on capital assets and the acquisition offset by strong cash flows. It is anticipated that the continuation of strong operating cash flows will assist in maintaining the debt to total capitalization ratio below the Board's target.

Cash flow (defined as net earnings plus depreciation and amortization) per Class B share increased by 6.1% to $3.48 from $3.28 in 1998 reflecting strong operating performance combined with the cash flows from recent acquisitions.

Capital spending, which totaled $91.1 million in 1999 versus $99.0 in 1998, was incurred in all divisions with a view to increasing capacity based on customers' requirements, upgrading the management information systems, implementing cost reduction programs and maintaining the existing business base.

Looking forward into 2000, it is anticipated that capital spending will be at a level lower than that of 1999 and will approximate depreciation and amortization expense for the year. Large planned expenditures for 2000 and beyond include the continued investment in information technology, innovation projects and capital to maintain and grow income in all divisions. The Label Division will complete the second plant in Sioux Falls, South Dakota and install additional presses. Custom Manufacturing and Container will continue to spend on manufacturing capacity to capture new business opportunities and on cost reduction projects.

Depreciation and amortization of other assets increased to $68.8 million from $61.4 million in 1998 due primarily to the effect of the acquisitions completed over the last two years and the recent capital spending program including the integrated management information system. Goodwill amortization, net of tax, increased from $11.5 million to $12.7 million as a result of recent acquisitions.

The decrease in the outstanding Class B shares during the year was due to the repurchase of 799,000 shares under a normal course issuer bid offset by 155,100 shares issued under the Employee Stock Option Plan. The current normal course issuer bid is covered by the rules of the Toronto Stock Exchange and allows the Company to repurchase a further 10,000 Class A and 986,400 Class B shares during 2000, but before August 2, 2000.

Dividends for the year were $12.2 million for 1999 versus $10.3 million in the prior year due to an increase of $0.01 per share in the quarterly dividend effective June 30, 1999. The increase in the dividend rate was primarily due to the anticipated increase in earnings for 1999. The annual dividend was $.26 per Class A Share and $.31 per Class B Share. The Company has historically paid out dividends at a rate of 20%–30% of normalized earnings.

Interest expense increased $0.4 million from $35.2 million in 1998 to $35.6 million in 1999 due to capital spending, recent acquisitions and repurchase of shares under the normal course issuer bid offset by strong operational cash flows and the annualized effect of the equity issue in late 1998. Interest rates increased in 1999; however, the impact of the increase was minimal because approximately 70% of the Company's net debt is at fixed rates of interest. Interest coverage (defined as operating income before interest expense divided by interest expense) increased from 2.8 last year to 3.2 in 1999 as a result of the improvement in earnings. The Company anticipates further improvement in this important ratio in 2000 because of higher earnings and cash flows and lower capital spending than in 1999 that will reduce debt and the related interest expense.

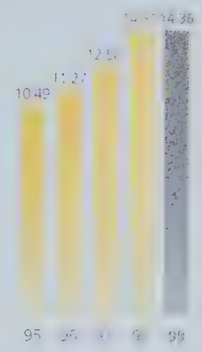
The Company's debt structure is in place for the coming years as a result of issuing notes for three private debt placements in 1996, 1997 and 1998 totaling $333 million U.S. (approximately $480 million Canadian) with no repayments required until the year 2002 and an average interest rate of under 7%. The $75 million U.S. working capital line of credit is at floating rates of interest at a current cost of approximately 6%. During the year, an interest rate swap, the effect of which was to convert $60 million U.S. of notional fixed rate debt into floating rate debt, was purchased from a Canadian financial institution. Interest savings during 1999 related to this swap amounted to $0.5 million.

At December 31, 1999, shareholders' equity was $564.3 million compared to $571.4 million at the end of 1998. The $7.1 million decrease is due to:

Net earnings	$	53.6
Dividends		(12.2)
Repurchase of shares, net		(15.5)
Decrease in unrealized foreign exchange gain on translation of net foreign assets		(33.0)
Decrease in shareholders' equity	$	(7.1)

Book value per share increased to $14.36 as at December 31, 1999 as compared to $14.31 a year ago.

Book Value per Share
Dollars



Environment, Health and Safety

The Company maintains active health and safety, and environmental programs for the purposes of preventing employee injuries and pollution incidents at its manufacturing sites. The program of corporate compliance audits and approvals of waste vendors continued in 1999. No material issues were identified during the audits.

Standard due diligence reviews were conducted during the acquisition of the German aerosol manufacturer Rapid-Spray and PharmCoTec in 1999. Certain contamination issues were identified at the time and addressed by a purchase price reduction. Current estimates of the actions necessary to address the contamination problem are within the original assessment of costs. A remediation program will be implemented in 2000.

The Company's environment and health and safety activities are used to assess the ongoing adequacy of environmental provisions and, where needed, the plans for site restoration. During 1999, further studies were conducted on two properties with known levels of contamination in order to establish the optimal remedial program. Remedial activities commenced at the original Custom Manufacturing aerosol site in Toronto, and these will continue into 2000. CCL is finalizing the remediation program at the second property also located in Toronto. The Company continues to monitor the adequacy of these and other restoration activities throughout the remediation process. Custom Manufacturing received notice of potential liability for cleanup of a landfill in Cumberland, RI. The Company believes that, as of December 31, 1999, it has made adequate provision in its financial statements for potential site remediation costs and other remedial obligations.

Risks

Significant consolidation within the retail and national marketer base continues. A parallel consolidation and rationalization movement appears to be now picking up momentum in the packaging industry which serves the national marketers. As a result, the Company is aggressively studying the risks and opportunities this industry consolidation will have on its markets and its operations.

The Company is subject to the usual commercial risks associated with the non-durable consumer packaging industry. Business volumes are affected by overall consumer confidence, purchasing trends, changes in disposable income and personal debt levels. Other specific risks relate to price expectations by customers, technological changes and economic risks including currency exchange and interest rates. A low inflation environment combined with the purchasing strength of multinational retailers continues to limit the opportunity to increase selling prices for many of the Company's products.

Because the Custom Manufacturing Division's pricing to marketers normally is comprised of a manufacturing fill fee plus a charge for raw materials, the risk of raw material price fluctuations is minimized. This Division produces, in many instances, for marketers who also have "in-house" manufacturing facilities or alternative suppliers. In addition, in recent years there have been a significant number of mergers within the customer and the competitor bases. Customer and competitor consolidation creates both risks and opportunities for the Division. A customer merger may result in consolidation of products to "in-house" capacity or, alternatively, additional outsourcing with contract manufacturers. Over the past few years this Division's business base in all product categories has been steady or increasing, due in part to the trend by marketers to outsource their manufacturing requirements, thereby focusing

their own resources on product development and marketing competencies. Customers are also striving to reduce their supplier base. The Custom Manufacturing Division also benefits from having multiple plants providing back-up production capacity in case of unforeseen problems at any one location.

In the Container Division, aluminum represents over 45% of the cost of the finished aluminum tubes and containers. Aluminum is a commodity that trades on the London Metal Exchange, and is supplied by a limited number of global producers. Volatility in aluminum prices can significantly impact manufacturing costs and may influence marketers to shift to alternative types of containers. The Division uses a hedging program to moderate the effect of volatility and stabilize pricing to its customers. Hedging contracts are in place to purchase approximately 70% of the estimated aluminum requirements for 2000 and a significant portion of the 2001 requirements.

The plastic tube and closure business purchases a significant amount of plastic resin. Long-term customer contracts allow for escalation in the price of resin; however, passing on price increases is dependent on the market's willingness to absorb those increases.

The Label Division uses paper and film raw materials sourced from the paper and petro-chemical industries. Historically, during periods of price volatility for raw materials, the Label Division has been able to pass on these cost increases to customers. As customers rationalize suppliers and leverage their buying power, Label may experience aggressive price competition. There is a growing trend among customers to adopt a global approach to supply sourcing, and those customers will be looking for suppliers who can effectively handle larger volumes. Label is well positioned to meet these customers' needs.

The non-durable consumer products industry relies on technological innovation and packaging promotion for product differentiation and to maintain acceptable margins. All divisions must continually dedicate resources and capital to anticipate and to meet customers' needs, to develop new products, and to maintain and grow market share.

The Company has a significant operating base in both the U.S. and Europe. In 1999, 67.3% and 15.0% of total sales came from the U.S. and Europe, respectively, compared to 67.7% and 15.1% in 1998. Non-Canadian operating results are translated into Canadian dollars at the average exchange rate for the year. The Canadian average rate for U.S. dollars was $1.49 in 1999 and $1.48 in 1998 and for U.K. sterling was $2.40 in 1999 and $2.46 in 1998. The U.S. dollar net earnings translation sensitivity in 1999 was approximately $325,000 pre-tax for each one cent exchange rate fluctuation. The exchange rate sensitivity for Europe, given its relatively small level of earnings, was not as material. The contribution to sales and operating income from foreign business units in countries other than the U.S. and Europe in 1999 was approximately 4% and 6% of the total, respectively, and the carrying value of investments in these countries was approximately $58 million. Devaluation of currencies in Mexico, Costa Rica and China will not have a material negative effect on the consolidated financial results of the Company; however, operating in these countries is perceived to be subject to greater political and economic risks.

Strategies

In 1999, CCL's strategic focus was to maximize the contribution from its current manufacturing base while looking for opportunities to expand its base business geographically or by increasing market share. CCL will continue to grow in international markets where it can complement its customer base or transfer its current manufacturing skills through selective acquisitions and expansion of its existing businesses.

The Company's current strategic planning initiative has been significantly expanded to assess the risks and opportunities related to future packaging industry consolidation and rationalization, and to opportunities as a result of the adoption of electronic business to business capabilities. The Company believes significant opportunities exist for all three of its Divisions to participate in these market and technological changes and to refocus their business models.

The Company's long-range goal is to continue to be the low cost producer as well as an industry leader in market share, and in product and process innovation. CCL is determined to improve its operating margins and increase earnings growth in the range of 15% annually. A key financial focus will be to improve return on equity to at least 12% by 2005. These goals will be achieved by adopting business models that significantly reduce transaction and processing costs, by divesting of non-core businesses and through acquisitions which will quickly become accretive to earnings. The Company will be seeking out qualified investments with the ultimate objective of providing a steady and improving stream of shareholder value through a combination of dividends and share price appreciation.

Outlook and Markets

1999 was a year of strong growth in consumer demand, particularly in the U.S. where GDP growth for non-durable consumer goods was slightly over 5%. Demand in the Divisions is affected by CCL's customers' market share in their businesses and new product introductions in addition to overall consumer confidence and disposable income. The 2000 outlook is for 3%–4% growth in non-durable consumer goods due to strong consumer confidence in all major markets.

Custom Manufacturing The market dynamics influencing the non-durable consumer products market within North America and Europe include continued consolidation of customers, suppliers and competitors, downward pricing pressure, moving to a single formula for products, escalating customer expectations for shorter and more frequent runs, growing acceptance of manufacturing outsourcing and demand for smooth customer interface through integrated information systems. Custom Manufacturing expects to continue to benefit from the ongoing trend to outsourcing production runs by its customers.

In the personal care market, baby care, hair shampoo and colouring, oral hygiene, shaving gels and skin care are expected to experience fast growth while the aerosol hair care, perfume and deodorant markets are expected to experience slower growth. Over-the-counter pharmaceutical products likely will see modest growth as the rising cost of health care encourages consumers to self-treat their illnesses.

Custom Manufacturing will investigate blending technologies required to handle complex creams and lotions in response to strong growth of these products. Because aerosol and household liquid growth is anticipated to be flat, the Division will focus on cost reductions through Process Reliability and on the continued higher utilization of assets. Manufacturing lines have been targeted at each Custom Manufacturing site for Process Reliability gains and improvements are monitored on a monthly basis.

Container Customers are looking to consolidate their supplier base, to sign long-term supply agreements when there are benefits in cost and innovation, and for business partners who are capable of electronic commerce.

The standard aerosol market remains mature, while specialty containers such as threaded bottles, barrier packages and cartridges continue to show good growth. The North American aerosol market is expected to remain somewhat undisciplined with competitors adding production capacity. Personal care and toiletries will likely grow modestly with body colognes and washes experiencing strong growth. Over-the-counter pharmaceuticals are expected to show exciting growth potential. The household and industrial markets will likely experience slow growth, while the food market will see very strong growth. Premium pan sprays and upscale food products are likely to be packaged in aluminum.

The Container Division will strive to maintain customer service at exceptional levels. Marginal business will be shed and replaced with more profitable business. The Division will continue to lead with innovative packaging in the traditional markets. Margins are not expected to fluctuate significantly from 1999 levels because a substantial portion of the anticipated volumes are tied to long-term customer agreements and the related aluminum product costs have been hedged with forward contracts.

The aluminum tube market is expected to grow nominally as the hair colour tube business expansion is offset by pharmaceutical marketers' conversion to laminate tubes. Tin tube growth will likely remain flat, while laminate tube sales are expected to show strong growth, especially in the pharmaceutical and cosmetic product lines. Container will focus on higher-margin tube products and develop new technologies to expand its reach within the aluminum and laminate tube markets. CCL has developed the Optical Effects line – an all-plastic laminate tube that has a realistic embossed metallic appearance. Pricing is not expected to increase significantly.

Demand for all plastic tubes is expected to grow at an annual rate of 5%. Large diameter tubes, particular strengths of the Plastic Packaging group, are expected to grow at significantly higher rates. Container had strong growth in sales of plastic tubes in 1999. Sales for all types of plastic closures is expected to grow by approximately 4% with demand for dispensing closures growing at a substantially higher rate. The focus will be on developing higher-margin products, expanding sales to existing customers and growing volume by adding customers of the Label and Custom Manufacturing Divisions. This business unit is in a good position to increase market share since its addition of state-of-the-art plastic tube and closure production lines allows the Company to manufacture a high-quality product at a competitive cost. The challenge in 2000 will be to grow the sales volume and to substantially improve operating efficiencies particularly in the commodity non-dispensing closure category.

Label The Label Division continues to focus on the high-end personal care and pharmaceutical markets that are growing faster than the label industry average. Label is also targeting growth in the household chemicals and promotional markets. Label's operating strategy is to optimize its product and process fit by shifting business to suit the capabilities of plants thereby improving utilization of existing assets. Product innovation will be a key priority to enable growth within existing markets and to support entry into new markets.

There is a close alignment of the growth rate in pressure sensitive labels to actual growth in consumer demand for non-durable goods. Demand for functional labels and multi-lingual, high-visibility and high-impact packaging, the increased acceptance and importance of high-end consumer coupons and booklets and a trend to shorter production runs are driving the pressure sensitive label market. Label's goal is to maintain its market leadership and to grow in the high-end label segments. It is expected that the personal care label markets should grow by approximately 7% in 2000.

In addition, as the population ages, demand for pharmaceuticals intensifies. The Company has focused its investment on improved manufacturing practices and the more expensive technical equipment required to satisfy the requirements of the pharmaceutical industry. The Label Division has a significant advantage with its dedicated sales force, secure pharmaceutical operations and product line. Label plans to leverage off and strengthen its existing capabilities through capital investment and aggressively building volumes with current customers. Annual growth in the pharmaceutical label market is expected to be in excess of 13% in the year 2000.

Consolidated CCL's five-year strategic plan focuses on financial performance and on creating greater value for shareholders, customers, employees and business partners. Execution of the strategy will involve a combination of operational improvements, acquisitions and divestitures, and is designed to build CCL into the premier packager of consumer products by 2005. These initiatives will position CCL to outperform and outgrow its competitors in high-margin segments that will lead to growth in profitability and return on equity.

Before the effect of acquisitions, cash flow from operations is expected to grow and should exceed normal capital expenditures and other cash requirements for 2000. Debt levels in 2000 are anticipated to decrease moderately based on the expected strong operating cash flow.

CCL operates internationally and is subject to taxation in various jurisdictions. CCL has benefited from lower tax rates due to foreign tax rate differentials and the utilization of U.K. operating tax loss carryforwards. Future tax rates may vary as a result of the level of income in the various countries, the availability of loss carryforwards, and the impact of non-deductible goodwill amortization.

In addition, CCL expects the effective tax rate to marginally increase as a result of adopting the new accounting standard for income taxes that came into effect January 1, 2000. This new standard is similar to that in the U.S. Deferred taxes will be recorded based on temporary differences between the carrying amounts of assets and liabilities and their value for tax purposes. In addition, the new standard requires recognition of the benefit of unused tax losses carried forward when they are more likely than not to be realized.

CCL will also adopt, effective January 1, 2000, the new standard for employee future benefits. The standard requires recognition of the cost of retirement benefits and certain post-employment benefits over the periods in which employees render services in return for those benefits. The obligation for a defined benefit pension plan is calculated using market interest rates on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. The net impact of adopting this standard will not be material.

The Year 2000

The Year 2000 Issue arose because many computerized systems use two digits rather than four to identify a year. To date, CCL has not experienced any significant interruptions or errors related to processing information using year 2000 dates. It is not clear how much economic activity occurred in late 1999 to protect against potential Year 2000 problems and what impact this will have on economic activity in 2000.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and all information in this Annual Report are the responsibility of management. These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based upon estimates and judgments. When alternative accounting methods exist, management has chosen those it deems to be the most appropriate to ensure fair and consistent presentation. The financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

CCL maintains financial and operating systems which include appropriate and effective internal controls. Such systems are designed to provide reasonable assurance that the financial information is reliable and relevant, and that CCL's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and reviews the financial statements and Management's Discussion and Analysis; assesses the adequacy of the internal controls of the Company; considers the report of the external auditors; examines the fees and expenses for audit services; and recommends to the Board of Directors the independent auditors for appointment by the shareholders. The Audit Committee reports its findings to the Board of Directors for consideration when approving the annual financial statements for issuance to the shareholders.

These consolidated financial statements have been audited by KPMG LLP ("KPMG"), the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. KPMG have full and free access to, and meet periodically with, the Audit Committee.

D.G. Lang
President and Chief Executive Officer
February 10, 2000

S.W. Lancaster
Senior Vice President Finance and Administration

AUDITORS' REPORT

To the Shareholders of CCL Industries Inc.

We have audited the consolidated balance sheets of CCL Industries Inc. as at December 31, 1999 and 1998, and the consolidated statements of earnings, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants
Toronto, Canada
February 10, 2000

CONSOLIDATED STATEMENTS OF EARNINGS

YEARS ENDED DECEMBER 31, 1999 AND 1998

(in thousands of dollars except per share data)	1999	1998
Sales	**$ 1,568,875**	$ 1,469,195
Income from operations before undernoted items	**197,532**	174,874
Depreciation, and amortization of other assets	**68,759**	61,346
Interest (note 5)	**35,642**	35,195
Earnings before income taxes and goodwill amortization	**93,131**	78,333
Income taxes (note 8)	**26,760**	22,391
Earnings before goodwill amortization	**66,371**	55,942
Goodwill amortization (net of tax of $2,710 in 1999 and $2,816 in 1998)	**12,741**	11,548
Net earnings	**$ 53,630**	$ 44,394
Earnings per Class B share (note 7)		
Earnings before goodwill amortization	**$ 1.68**	$ 1.53
Net earnings	**$ 1.36**	$ 1.22

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 1999 AND 1998

(in thousands of dollars except per share data)	**1999**	1998
Assets		
Current assets		
Cash and cash equivalents	**$ 30,435**	$ 46,742
Accounts receivable – trade	**211,302**	196,681
Other receivables and prepaid expenses	**23,010**	25,599
Inventories (note 3)	**180,216**	160,968
Income and other taxes recoverable	**2,440**	–
	447,403	429,990
Capital assets (note 4)	**552,801**	533,135
Other assets	**18,183**	17,955
Goodwill	**404,068**	431,828
	$ 1,422,455	$ 1,412,908
Liabilities		
Current liabilities		
Bank advances (note 5)	**$ 55,191**	$ 39,164
Accounts payable and accrued liabilities	**239,261**	220,488
Income and other taxes payable	**–**	889
Current portion of long-term debt (note 5)	**4,211**	710
	298,663	261,251
Long-term debt (note 5)	**483,634**	512,925
Long-term liabilities (note 6)	**15,035**	15,349
Deferred income taxes	**60,825**	51,966
Shareholders' equity		
Share capital (note 7)	**222,491**	225,353
Other paid-in capital (note 7)	**–**	5,642
Retained earnings	**328,111**	293,633
Foreign currency translation adjustment	**13,696**	46,789
	564,298	571,417
	$ 1,422,455	$ 1,412,908

Commitments and contingencies (note 9)

Approved by the Board

D.G. Lang, *Director* J.K. Grant, *Director*

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 1999 AND 1998

(in thousands of dollars except per share data)	1999	1998
Balance at beginning of year	**$ 293,633**	$ 259,498
Net earnings	**53,630**	44,394
Settlement of exercised stock options (note 7)	**(235)**	–
Excess of purchase price over paid-up capital on repurchase of shares	**(6,743)**	–
	340,285	303,892
Dividends		
Class A shares	**642**	569
Class B shares and equivalent	**11,532**	9,690
	12,174	10,259
Balance at end of year	**$ 328,111**	$ 293,633

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1999 AND 1998

(in thousands of dollars except per share data)	**1999**	1998
Cash provided by (used for)		
Operating activities		
Net earnings	**$ 53,630**	$ 44,394
Items not requiring cash:		
Depreciation and amortization	**84,210**	75,710
Deferred income taxes	**10,064**	12,314
	147,904	132,418
Net change in non-cash working capital	**(23,199)**	(35,025)
Cash provided by operating activities	**124,705**	97,393
Financing activities		
Proceeds of long-term debt	**3,447**	162,194
Retirement of long-term debt	**(12,523)**	(2,131)
Increase (decrease) in bank advances	**10,633**	(173,374)
Issue of shares	**1,529**	61,076
Settlement of exercised stock options	**(5,877)**	–
Repurchase of shares	**(11,134)**	–
Dividends	**(12,174)**	(10,259)
Cash (used for) provided by financing activities	**(26,099)**	37,506
Investing activities		
Additions to capital assets	**(91,109)**	(98,955)
Business acquisitions (note 2)	**(19,768)**	(129,949)
Proceeds on disposals	**–**	127,015
Other	**(39)**	(264)
Cash used for investing activities	**(110,916)**	(102,153)
Effect of exchange rate on cash	**(3,997)**	1,321
Increase (decrease) in cash	**(16,307)**	34,067
Cash and cash equivalents at beginning of year	**46,742**	12,675
Cash and cash equivalents at end of year	**$ 30,435**	$ 46,742

1. Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of all subsidiary companies since dates of acquisition.

(b) Foreign currency translation

The Company records foreign currency denominated transactions at the Canadian dollar equivalent at the date of the transaction and translates foreign currency denominated monetary assets and liabilities at year-end exchange rates. Exchange gains and losses are included in earnings.

The Company's foreign subsidiaries are defined as self-sustaining. Revenue and expense items, including depreciation and amortization, are translated at the average rate for the year. All assets and liabilities are translated at year-end exchange rates and any resulting exchange gains or losses are included in shareholders' equity and described as foreign currency translation adjustment.

Movement in the foreign currency translation adjustment during the year results from changes in the value of the Canadian dollar primarily in comparison to the U.S. dollar, the U.K. pound and the Mexican peso, and from changes in foreign denominated net assets.

(c) Inventories

Raw materials and supplies are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis.

(d) Capital assets

Capital assets are recorded at cost, which includes interest and certain start-up costs during the construction of major projects. Depreciation is provided over the assets' estimated useful lives primarily on the straight-line basis using rates varying from 2% to 10% on buildings, and from 7% to 33% on machinery and equipment.

(e) Goodwill

Goodwill represents the excess of the purchase price over the fair values of net assets acquired, and is being amortized on a straight-line basis over periods up to 40 years. On an ongoing basis, management reviews the valuation and amortization of goodwill, taking into consideration any events and circumstances which might have impaired the carrying value. Goodwill is written down to net recoverable amounts when declines in value are considered to be other than temporary based upon expected cash flows from the individual business units.

(f) Use of estimates

The presentation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. In particular, the amounts recorded for environmental matters, amortization of capital assets and goodwill, and the valuation of goodwill are based on estimates. Actual results could differ from these estimates.

(g) Statement of cash flows

Effective January 1, 1999 the Company adopted, retroactively, the new recommendations of the CICA statement of cash flows. As a result, the comparative figures in the Statement of Cash Flows have been reclassified.

(h) Comparatives

Certain of the 1998 figures have been reclassified to conform with the presentation adopted for 1999.

2. Business Acquisitions

In June 1999, the Company purchased the shares of Rapid-Spray GmbH & Co. KG Fabrik Chemischer Erzeugnisse and PharmCoTec GmbH, that produce personal care, over-the-counter and industrial aerosol products in Germany, for cash consideration of $19.8 million. Goodwill arising on the transaction is amortized over 30 years.

The 1999 acquisition was accounted for by the purchase method, and the details of this transaction are as follows:

Working capital, non-cash	$ 995
Non-current assets at assigned values	29,294
Long-term debt assumed	(19,964)
Net assets	10,325
Goodwill, being the excess of purchase price over the net assets acquired	9,443
Total consideration	$ 19,768

In March 1998, the Company purchased the shares of Engraph, a North American pressure sensitive label business which supplies the pharmaceutical, health and beauty aid, and food and beverage markets, for cash consideration of $129.9 million. The Company has consolidated plants and rationalized the sales force and other functions. The related costs of $24.1 million were provided for at the time of acquisition. Goodwill arising on the transaction is amortized over 30 years.

The 1998 acquisition was accounted for by the purchase method, and the details of this transaction are as follows:

Working capital, non-cash	$ 28,543
Non-current assets at assigned values	46,068
Net assets	74,611
Goodwill, being the excess of purchase price over the net assets acquired	79,394
Total consideration	$ 154,005

3. Inventories

	1999	1998
Raw materials and supplies	**$ 107,444**	$ 102,653
Work in process and finished goods	**72,772**	58,315
	$ 180,216	$ 160,968

4. Capital Assets

	1999	1998
Land	**$ 20,027**	$ 16,883
Buildings	**116,782**	104,657
Machinery and equipment	**807,500**	763,244
	944,309	884,784
Accumulated depreciation	**(391,508)**	(351,649)
	$ 552,801	$ 533,135

(TABULAR AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

5. TOTAL DEBT

	1999	1998
Bank advances	**$ 55,191**	$ 39,164
Current portion of long-term debt	**4,211**	710
Long-term debt due after one year	**483,634**	512,925
Total debt outstanding	**$ 543,036**	$ 552,799

(a) The total borrowings at December 31, 1999 are denominated in the following currencies:

	Local Currency	Canadian Equivalent
Canadian dollars	$ 51,554	$ 51,554
U.S. dollars	$ 336,093	485,053
U.K. sterling	£ 25	58
German marks	DM 8,578	6,371
		$ 543,036

The Company's foreign denominated debt acts as a partial hedge against its net investment in foreign operations.

(b) The short-term operating lines of credit provided to the Company, and amounts used included in bank advances, at December 31 are:

	1999	1998
Credit lines available	**$ 132,136**	$ 213,776
Credit lines used	**$ 55,191**	$ 39,164

At December 31, 1999, the major component of the short-term operating lines was a $75.0 million U.S. revolving 364-day working capital facility of which $53.3 million ($36.9 million U.S.) was outstanding.

All operating facilities are unsecured and at interest rates varying with LIBOR (London Interbank Offered Rate) or with the prime rate.

(c) Total long-term debt is comprised of:

	1999	1998
Unsecured senior notes issued March 1996 6.66%, repayable on March 15, 2006 ($120.0 million U.S.)	**$ 173,185**	$ 183,993
Unsecured senior notes issued September 1997 6.97%, repayable in equal instalments starting September 2002 and finishing September 2012 ($103.0 million U.S.)	**148,651**	157,927
Unsecured senior notes issued July 1998 6.9% weighted-average, repayable in three tranches with repayments after 12, 15 and 20 years ($110.0 million U.S.)	**158,753**	168,660
Other loans	**7,256**	3,055
	$ 487,845	$ 513,635

Other loans include Industrial Revenue Bonds and capital leases at various rates and repayment terms.

(d) The Company has entered into an interest rate swap agreement in order to balance the Company's exposure to fixed and floating interest rates with a view to reducing interest costs over the long term.

Notional Principal Amount	Currency	Interest Rate Paid	Interest Rate Received	Maturity	Effective Date
$60,000	U.S.	90-day LIBOR	6.66%	March 15, 2006	March 15, 1999

The cost to close out the above-noted interest rate swap agreement is estimated to be $2.8 million as at December 31, 1999.

(e) The overall weighted average interest rate on total long-term debt at December 31, 1999 was 6.9% (1998 – 6.9%).

(f) Interest expense incurred is as follows:

	1999	1998
Current	$ 4,867	$ 7,191
Long-term	33,579	31,413
	38,446	38,604
Interest income	(2,804)	(3,409)
Net interest expense	$ 35,642	$ 35,195

Interest paid during the year was $39,161 (1998 – $32,603).

(g) Long-term debt repayments are as follows:

2000	$ 4,211
2001	720
2002	13,958
2003	14,508
2004	13,895
2005 and beyond	440,553
	$ 487,845

(h) Fair value of financial instruments:

The carrying value of cash and cash equivalents, accounts receivable, bank advances, and accounts payable and accrued liabilities approximates fair value due to the short-term maturities of these instruments. The fair value of long-term debt is $444.3 million (1998 – $523.7 million). Fair value of long-term debt is determined as the present value of contractual future payments of principal and interest discounted at the current market rates of interest available to the Company for the same or similar debt instruments.

6. Long-Term Liabilities

Long-term liabilities relate primarily to environmental matters and represent management's best estimate for site restoration costs. The actual timing of payments against these liabilities is unknown.

(TABULAR AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

7. Share Capital

The Company's authorized capital consists of an unlimited number of Class A voting shares and an unlimited number of Class B non-voting shares.

(a) Issued

	Class A		Class B		Exchangeable Equivalent	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance at January 1, 1998	2,474	$ 4,708	32,512	$ 143,194	1,000	$ 16,375
Issued for cash under employee share plans	–	–	192	2,194	–	–
Conversions from Class A to Class B shares	(3)	(6)	3	6	–	–
Issued for cash (net of share issue costs of $2,618,000)	–	–	3,750	58,882	–	–
Balance at December 31, 1998	2,471	4,702	36,457	204,276	1,000	16,375
Issued for cash under employee share plans	–	–	154	1,529	–	–
Conversions from Class A to Class B shares	(2)	(4)	2	4	–	–
Repurchase of shares under Normal Course Issuer Bid	–	–	(799)	(4,391)	–	–
Balance at December 31, 1999	**2,469**	**$ 4,698**	**35,814**	**$ 201,418**	**1,000**	**$ 16,375**

Total share capital at December 31, 1999 was $222.5 million (1998 – $225.4 million).

(b) Share attributes

Class A

Class A shares carry full voting rights and are convertible at any time into Class B shares. Dividends are currently set at 5 cents per share per annum less than Class B shares.

Class B

Class B shares rank equally in all material respects with the Class A shares, except as follows:

(i) They are entitled to receive material and attend, but not to vote at, regular shareholder meetings.

(ii) They are entitled to voting privileges when consideration for the Class A shares, under a takeover bid when voting control has been acquired, exceeds 115% of the market price of the Class B shares.

(iii) They are entitled to receive, or have set aside for payment, dividends as declared by the Board of Directors from time to time.

Exchangeable

Class A Participating Exchangeable Common shares of CCL Plastic Packaging Inc., formerly SEDA Specialty Packaging Corp., a wholly-owned subsidiary, are exchangeable at the request of the holder into a total of 1,000,000 Class B non-voting shares of CCL Industries Inc. The holder is entitled to receive dividends equivalent to the dividend rate declared on Class B shares.

(c) Earnings per share

	1999		1998	
	Class A	**Class B**	Class A	Class B
Net earnings	**$ 1.31**	**$ 1.36**	$ 1.17	$ 1.22

The weighted average number of equivalent shares issued and outstanding is 39,667,824 (1998 – 36,596,349).

Fully diluted earnings per Class B share in 1999 were $1.33 (1998 – $1.19). This reflects the dilutive effect of the exercise of share options outstanding at December 31, assuming they had been exercised at the beginning of the year.

(d) Stock-Based Compensation Plans

At December 31, 1999 the Company has two stock-based compensation plans, which are described below:

(i) Employee Stock Option Plan

Under the Employee Stock Option Plan, the Company may grant options to employees, officers and directors of the Corporation for up to 3,000,000 Class B non-voting shares. The exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is ten years. Options vest 20% on the grant date and 20% each year following the grant date.

A summary of the status of the Company's Employee Stock Option Plan as of December 31, 1999 and 1998, and changes during the years ending on those dates is presented below:

	1999		1998	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	**2,578**	**$ 15.02**	2,427	$ 14.47
Granted	**714**	**13.43**	459	16.75
Exercised	**(700)**	**6.95**	(192)	11.46
Forfeited	**(323)**	**16.39**	(116)	16.10
Outstanding at end of year	**2,269**	**$ 14.33**	2,578	$ 15.02
Options exercisable at end of year	**1,119**	**$ 13.76**	1,390	$ 9.76

The following table summarizes information about the Employee Stock Options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
$ 9.00 – $ 12.00	390	0.8 years	$ 10.82	390	$ 10.82
$ 12.01 – $ 14.00	494	9.9 years	$ 12.50	99	$ 12.50
$ 14.01 – $ 16.00	663	4.0 years	$ 15.19	379	$ 15.17
$ 16.01 – $ 18.00	722	6.3 years	$ 16.70	251	$ 16.69
$ 9.00 – $ 18.00	2,269	5.4 years	$ 14.33	1,119	$ 13.76

(ii) Executive Share Purchase Plan

Under the Executive Share Purchase Plan, the Company may provide assistance to senior officers and executives of the Company to invest in Class B shares of the Company by providing interest-free loans. The loans are secured by the Class B shares and are repayable when the shares are sold or upon completion of employment.

During 1999, the Company provided financial assistance to acquire 250,000 Class B shares under the plan at an average price of $13.66. As at December 31, 1999, the amount receivable from senior officers and executives is $3.4 million, which is included in Other Assets.

(TABULAR AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

(e) Other paid-in capital

In connection with the 1997 acquisition of CCL Plastic Packaging Inc., formerly SEDA Specialty Packaging Corp., 545,000 options to purchase Class B shares of the Company were issued at a discount from the market value of the shares. These options were settled for cash of $5.9 million in January 1999.

8. Income Taxes

	1999	1998
Combined Canadian federal and provincial income tax rate	**35.7%**	35.7%
Earnings before income taxes and goodwill amortization	**$ 93,131**	$ 78,333
Expected income taxes	**$ 33,228**	$ 27,949
Increase (decrease) resulting from:		
Realized benefit of foreign tax rate	**(4,180)**	(3,921)
Utilization of prior years' U.K. operating losses	**(2,536)**	(2,926)
Other	**248**	1,289
Income taxes	**26,760**	22,391
Income tax recovery on goodwill amortization	**2,710**	2,816
Net income taxes	**$ 24,050**	$ 19,575
Income taxes paid	**$ 12,089**	$ 8,339

9. Commitments and Contingencies

The Company has commitments under various long-term operating lease agreements. Future minimum payments under such lease obligations are due as follows:

2000	$ 7,869
2001	6,483
2002	4,568
2003	3,134
2004 and beyond	9,458
	$ 31,512

The Company utilizes futures contracts to hedge the cost of aluminum used in its container manufacturing process against specific customer requirements. As at December 31, 1999, futures contracts for $27.9 million U.S. of aluminum purchase commitments, extending into 2001, were outstanding.

The Company and its consolidated subsidiaries are defendants in actions brought against them from time to time in connection with their operations. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any significant additional loss or expense in excess of amounts provided.

10. Pension Plans

The Company maintains several defined benefit pension plans and three supplemental retirement plans. The most recent actuarial valuations, prepared during the year, indicated that the accrued benefit obligation for all plans was $26.8 million, which includes $5.5 million for the unfunded supplemental retirement plans. The value of the assets in the defined benefit pension plans, principally calculated at market related values, was $31.6 million at December 31, 1999.

11. Segmented Information

The Company's reportable segments are generally managed independently of each other primarily because of product diversity. Each segment retains its own management team and is responsible for compiling its own financial information. The segmented financial information reflects this structure.

The Company has three reportable segments: Custom Manufacturing, Container and Label. The Custom Manufacturing segment produces aerosol, liquid and solid stick products. The Container segment manufactures aluminum specialty containers, tin and laminate tubes and plastic tubes, caps, closures and jars. The Label segment produces pressure sensitive self-adhesive labels, and designs and prints a wide range of high-quality paper and film, expanded content, promotional, coupon and in-mold labels. It also manufactures and markets pressure sensitive label application equipment.

The accounting policies of the segments are the same as those described in the summary of accounting policies. The Company evaluates performance based on profit or loss from operations before interest and income taxes, and based on the return on operating assets.

(a) Industry segments

	Sales		Operating Income	
	1999	1998	**1999**	1998
Custom Manufacturing	**$ 792,825**	$ 792,423	**$ 47,957**	$ 49,018
Container	**333,986**	316,622	**36,946**	36,129
Label	**442,064**	360,150	**36,440**	22,440
	$ 1,568,875	$1,469,195	**121,343**	107,587
Corporate expense			**8,021**	8,423
Interest expense			**35,642**	35,195
Income taxes			**24,050**	19,575
Net earnings			**$ 53,630**	$ 44,394

	Identifiable Assets		Depreciation & Amortization		Capital Expenditures[1]	
	1999	1998	**1999**	1998	**1999**	1998
Custom Manufacturing	**$ 379,195**	$ 328,418	**$ 21,975**	$ 18,253	**$ 31,342**	$ 28,252
Container	**559,383**	583,012	**32,689**	30,982	**28,953**	41,037
Label	**396,029**	421,959	**28,916**	25,896	**30,506**	27,319
Corporate	**87,848**	79,519	**630**	579	**308**	2,347
Total	**$ 1,422,455**	$ 1,412,908	**$ 84,210**	$ 75,710	**$ 91,109**	$ 98,955

(1) Capital expenditures do not include the business acquisitions described in note 2.

(b) Geographic segments

	Sales		Capital Assets & Goodwill	
	1999	1998	**1999**	1998
Canada	**$ 277,069**	$ 252,089	**$ 91,537**	$ 96,266
United States	**1,057,143**	995,139	**781,503**	814,592
Europe	**234,663**	221,967	**83,829**	54,105
	$ 1,568,875	$1,469,195	**$ 956,869**	$ 964,963

ELEVEN YEAR FINANCIAL SUMMARY

(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE AND RATIO DATA)

	1999	1998	1997	1996
Sales and net earnings				
Sales	**$ 1,568,875**	$ 1,469,195	$ 1,283,192	$ 1,151,546
Depreciation and amortization	**84,210**	75,710	56,464	45,790
Interest expense	**35,642**	35,195	23,583	18,653
Earnings (loss) from continuing operations	**53,630**	44,394	*40,710	38,646
Net earnings	**53,630**	44,394	40,710	38,646
Net earnings (loss) per Class B share from continuing operations	**1.36**	1.22	*1.16	1.13
Net earnings per Class B share	**1.36**	1.22	1.16	1.13
Financial position				
Current assets	**$ 447,403**	$ 429,990	$ 456,793	$ 313,361
Current liabilities	**298,663**	261,251	417,115	256,711
Working capital	**148,740**	168,739	39,678	56,650
Total assets	**1,422,455**	1,412,908	1,243,175	842,254
Net debt	**512,601**	506,057	521,347	234,444
Shareholders' equity	**564,298**	571,417	449,880	394,104
Net debt to equity ratio	**.91**	.89	1.16	.59
Net debt to total capitalization	**47.6%**	47.0%	53.7%	37.3%
Number of shares *(in thousands)*				
Class A – December 31	**2,469**	2,471	2,474	2,498
Class B – December 31 (note 1)	**36,814**	37,457	33,512	32,477
Weighted average for the year	**39,668**	36,596	35,295	34,436
Cash flow				
EBITDA (note 2)	**$ 197,532**	$ 174,874	$ 139,896	$ 120,953
Cash provided by operations	**124,705**	97,393	108,657	73,359
Additions to capital assets	**91,109**	98,955	72,522	43,172
Business acquisitions	**19,768**	129,949	274,227	12,397
Dividends	**12,174**	10,259	9,797	9,542
Dividends per Class B share	**.31**	.28	.28	.28
Cash flow per Class B share (note 3)	**3.48**	3.28	2.76	2.45

* After net pre-tax gain of $0.4 million on sale of Kolmar Cosmetics, the Powder operations and write-down of U.K. Parkfields unit.

** After pre-tax gain of $65.9 million on sale of Crown Cork & Seal shares and asset write-down and provision for restructuring costs of $69.7 million.

*** After pre-tax gain of $48.2 million on sale of Crown Cork & Seal shares.

**** After pre-tax provision of $30.0 million for decline in real estate values and gain of $23.0 million on sale of Crown Cork & Seal shares.

***** After special reorganization pre-tax expenses of $32.6 million.

note 1 Class B shares include 1,000,000 exchangeable shares.

note 2 EBITDA defined as earnings before interest, income taxes, depreciation and amortization.

note 3 Cash flow defined as net earnings plus depreciation and amortization.

1995	1994	1993	1992	1991	1990	1989
$ 979,318	$ 933,226	$ 830,264	$ 709,602	$ 596,377	$ 473,778	$ 385,665
37,651	35,448	33,035	28,910	26,447	19,347	13,487
11,952	8,884	10,899	15,777	19,487	12,959	12,731
32,768	28,035	** 6,103	*** 44,708	**** 185	8,957	***** (15,755)
32,768	28,035	6,103	44,708	185	18,982	78,495
.98	.85	** .19	*** 1.37	**** .01	.28	***** (.49)
.98	.85	.19	1.37	.01	.59	2.46
$ 266,204	$ 250,514	$ 287,670	$ 314,651	$ 164,742	$ 137,352	$ 232,352
208,493	218,703	236,265	239,583	155,267	116,171	179,867
57,711	31,811	51,405	75,068	9,475	21,181	52,485
780,079	651,004	650,919	737,442	598,211	568,422	589,884
242,848	133,875	66,739	248,792	198,317	200,425	82,967
357,867	335,287	313,621	302,925	257,178	265,756	250,069
.68	.40	.21	.82	.77	.75	.33
40.4%	28.5%	17.5%	45.1%	43.5%	43.0%	24.9%
2,509	3,425	3,560	3,678	3,882	3,996	4,020
31,612	29,503	30,292	29,229	29,151	28,862	28,455
33,710	33,313	33,246	32,879	32,784	32,621	31,961
$ 100,991	$ 89,180	$ 65,518	$ 63,210	$ 53,277	$ 47,163	$ 33,145
60,430	49,677	20,912	20,020	14,880	24,702	32,660
44,743	49,235	62,253	41,786	35,146	24,684	16,059
128,222	10,045	–	13,858	30,519	56,999	66,105
9,374	9,156	9,175	9,024	8,989	8,781	7,961
.28	.28	.28	.28	.28	.28	.26
2.09	1.91	1.44	1.29	.98	.89	.57

CCL has adopted formal governance practices in accordance with the guidelines published by the Toronto Stock Exchange. The guidelines set out recommendations concerning the responsibilities, composition, and practices of boards of directors and their committees.

Mandate of the Board

CCL's Board has a written mandate which includes among the duties and objectives of the Board the approval and monitoring of the strategic, business and capital plans of the Corporation; succession planning for senior management; assessment of risk factors affecting the Corporation and ensuring the integrity of the reporting and information controls that enable the Board to function effectively.

Composition of the Board

The TSE recommends that the majority of directors on the board be "unrelated" to the Corporation. At present, nine of the Company's 11 directors are unrelated, which means that they are not members of management, and do not have any material interests or relationships with the Corporation other than as shareholders.

Board Committees

The TSE recommends that committees of the Board be generally comprised of outside directors (meaning directors who are not employees of the Corporation), a majority of whom are also unrelated directors.

The Executive Committee includes the Chairman and President and consists of two related and inside directors and six unrelated outside directors. The mandate of the committee is to act on behalf of the Board of Directors on urgent matters between Board meetings and if the full Board is not available. The Executive Committee works with the CEO in the development of strategic issues for presentation to the Board.

The Audit Committee consists of six directors, five of whom are unrelated and outside directors. Its mandate includes: the review of financial statements; the monitoring of appropriate accounting and financial system controls; and the evaluation of the external auditors.

The Human Resources Committee consists of six directors, all of whom are unrelated and outside directors. The mandate of this committee includes: the recommendation of executive compensation programs for all officers including the CEO; review of officers' performance; monitoring and managing the succession planning process; reviewing the appropriateness of directors' compensation; and evaluating the performance of the CEO.

The Nominating and Governance Committee consists of four directors, three of whom are outside and unrelated directors. The mandate of the committee includes: finding and recommending new directors; the orientation and education of directors; the recommendation of directors for committee memberships; and the overall monitoring of the performance of the Board of Directors and its committees.

The Environment and Health & Safety Committee consists of two directors, one of whom is unrelated and an outside director. The committee is responsible for reviewing the Corporation's policies and programs governing health, safety and environmental matters, monitoring the effectiveness of current management systems and recommending improvements as needed.

For a complete discussion of CCL's corporate governance practices, please refer to CCL's Management Proxy Circular.

DIRECTORS, OFFICERS AND MEMBERS OF THE COMMITTEES OF THE BOARD OF DIRECTORS

Directors

Paul J. Block
Dermot G. Coughlan
Dominique Damon
Arnold Englander
Albert Gnat
Jon K. Grant
H. John Greeniaus
Donald G. Lang
Gordon S. Lang
Stuart W. Lang
Lawrence G. Tapp

Officers

Gordon S. Lang
Founder Chairman

Jon K. Grant
Chairman of the Board

Donald G. Lang
President and
Chief Executive Officer

Meldon H. Snider
Executive Vice President

Steven W. Lancaster
Senior Vice President
Finance and Administration

Janis M. Wade
Senior Vice President
Human Resources and
Corporate Communications

Paul Cummings
Vice President, and President
CCL Custom Manufacturing

Serge De Paoli
Vice President, and President
CCL Label Division

Stuart W. Lang
Vice President, and President
CCL Label Canada

Mary T. Roy
Vice President
Environmental and Regulatory
Services

Rami E. Younes
Vice President, and President
CCL Container Division

Bohdan I. Sirota
General Counsel and
Assistant-Secretary

Albert Gnat, Q.C.
Secretary

Members of the Committees of the Board of Directors

Audit Committee

Dermot G. Coughlan
Chairman
Dominique Damon
Arnold Englander
H. John Greeniaus
Stuart W. Lang
Lawrence G. Tapp

Human Resources Committee

H. John Greeniaus
Chairman
Paul J. Block
Dermot G. Coughlan
Dominique Damon
Gordon S. Lang
Lawrence G. Tapp

Nomination and Governance Committee

Paul J. Block
Chairman
Jon K. Grant
Gordon S. Lang
Stuart S. Lang

Environment and Health & Safety Committee

Jon K. Grant
Chairman
Donald G. Lang

Executive Committee

Gordon S. Lang
Chairman
Paul J. Block
Dermot G. Coughlan
Albert Gnat
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Donald G. Lang
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Aerosols

Air Guard
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L4K 1B2
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Annual Shareholders' Meeting
The Annual Shareholders' Meeting will be held on
May 4, 2000 at 4:15 p.m.
Design Exchange
234 Bay Street
Toronto-Dominion Centre
Toronto, Ontario

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Class B Share Information

Stock Symbol	CCQ.B
Listed	TSE
Opening Price	$ 17.75
Closing Price	$ 13.90
Number of Trades	5,790
Trading Volume (shares)	12,039,932
Trading Value	$ 180,109,986
Annual Dividends Declared	$ .31

Shares Outstanding at December 31, 1999

Class A	2,469,278
Class B and Equivalent	36,814,400

There are two classes of CCL shares. Class A shares are voting and Class B and equivalent are non-voting shares. Share attributes of both classes are listed on page 46 of this report.

"How will CCL Industries become
the world's premier
consumer products packager by 2005?

It's All Inside."

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